

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.¹

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**SUMMARY SHEET ACCOMPANYING THIRD INTERIM FEE APPLICATION
OF MCKINSEY & COMPANY, INC. WASHINGTON D.C.
AS CONSULTING SERVICES PROVIDER TO THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO, AS REPRESENTATIVE OF DEBTORS,
THE COMMONWEALTH OF PUERTO RICO, FOR THE PERIOD
FROM FEBRUARY 1, 2018 THROUGH MAY 31, 2018**

Name of Applicant:

McKinsey & Company, Inc. Washington D.C.
("McKinsey Washington")

Authorized to Provide Services to:

The Financial Oversight and Management Board for
Puerto Rico, as Representative of the Debtors
Pursuant to PROMESA Section 315(b)

Period for which Compensation
and Reimbursement is Sought:

February 1, 2018 through May 31, 2018

Monthly Fee Statements Subject
to Third Interim Fee Request:

Consolidated Fourth Monthly Fee Statement
for Compensation for Services Rendered
From February 1, 2018 through April 30, 2018:
Commonwealth Title III Support,

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

dated June 27, 2018

Fifth Monthly Fee Statement for Compensation for
Services Rendered From May 1, 2018 through May 31,
2018: Commonwealth Title III Support,
dated July 16, 2018

Total Fees Requested for Third
Interim Compensation Period: **\$7,237,000.00**

Total expenses requested for Third
Interim Compensation Period: **\$0.00²**

Total fees and expenses requested for
Third Interim Compensation Period: **\$7,237,000.00**

Total fees and expenses paid to date: **\$0.00**

Total fees and expenses subject to
an Objection: **\$0.00**

Type of Application: **Third Interim Fee Application:
Commonwealth Title III Support**

Deadline for parties other than notice
parties to file objections: **August 6, 2018**

² McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.³

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**THIRD INTERIM FEE APPLICATION OF MCKINSEY WASHINGTON & COMPANY,
INC. WASHINGTON D.C. AS CONSULTING SERVICES PROVIDER TO THE
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, AS
REPRESENTATIVE OF DEBTORS, THE COMMONWEALTH OF PUERTO RICO, FOR
THE PERIOD FROM FEBRUARY 1, 2018 THROUGH MAY 31, 2018**

McKinsey & Company, Inc. Washington D.C. ("McKinsey Washington"), strategic consultants to Debtors in the above-captioned cases, respectfully represents:

INTRODUCTION

1. By this third interim fee application (the "Third Interim Fee Application"), McKinsey Washington seeks the allowance and payment of compensation for professional services related to Commonwealth Title III support rendered pursuant to the *Second Amended Order Setting*

³ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Procedures for Interim Compensation and Reimbursement of Expenses of Professionals [Docket Number 3269] (the “Interim Compensation Order”), the applicable provisions of Title 11 of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Local Bankruptcy Rules of the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”) and Appendix B of the *U.S. Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330 by Attorneys in Large Chapter 11 Cases Effective as of November 1, 2013* (the “U.S. Trustee Guidelines,” and together with the Interim Compensation Order, the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, the “Code and Rules”). Pursuant to the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, the Certification of Tyler Duvall, a Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit A.

2. By this Third Interim Fee Application, McKinsey Washington seeks allowance of compensation for professional services performed by McKinsey Washington for the period from February 1, 2018 through May 31, 2018 (the “Compensation Period”) in the aggregate amount of \$7,237,000.00, representing 100% of fees incurred during the Compensation Period. McKinsey Washington submits that allowance and payment of this amount is fully warranted given the actual and necessary services rendered to the Debtors by McKinsey Washington, as described in this Third Interim Fee Application. The Debtors have not previously paid any amounts in respect of the foregoing requested fees and expenses.

BACKGROUND AND JURISDICTION

3. On May 3, 2017 (the “Petition Date”), the Commonwealth of Puerto Rico (as herein defined), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), filed a petition (the “Petition”) with the United States District Court for the District of Puerto Rico (the “Court”) under Title III of PROMESA.
4. On May 5, 2017, the Puerto Rico Sales Tax Financing Corporation (“COFINA,” and together with the Commonwealth (the “Commonwealth”) of Puerto Rico, the “Debtors”), by and through the Oversight Board, as COFINA’s representative pursuant to PROMESA section 315(b), filed a petition (“COFINA’s Petition,” and together with the Commonwealth’s Petition, the “Petitions”) with the Court under Title III of PROMESA. The filings of the Petitions constitute orders for relief under Title III of PROMESA.
5. On May 9, 2017, the Debtor filed a motion seeking the joint administration of the Title III cases (the “Title III Cases”) for procedural purposes only, pursuant to PROMESA section 304(g) and Bankruptcy Rule 1015, made applicable to these Title III Cases by PROMESA section 310. On June 1, 2017, the Court ordered that the cases be consolidated for procedural purposes and be jointly administered.
6. On June 15, 2017, an Official Committee of Unsecured Creditors and an Official Committee of Retirees was appointed in the Title III case by the United States Trustee for Region 21.
7. On November 8, 2017, the Court entered *the First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, which directs that professionals in the Title III Cases be paid interim compensation and outlines the procedures by which professionals are to submit, at four-month intervals, “an application for interim Court approval and allowance of the payment of compensation.”

8. On June 6, 2018, the Court entered *the Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, which amended certain provisions regarding the procedures by which professionals are to submit, at four-month intervals, “an application for interim Court approval and allowance of the payment of compensation.”
9. This Court has subject matter jurisdiction over this matter pursuant to PROMESA section 306(a). Venue is proper in this district pursuant to PROMESA section 307(a).

THE RETENTION OF MCKINSEY WASHINGTON

10. On or about July 3, 2017, McKinsey Washington and the Board entered into a contract setting forth consulting services McKinsey Washington would provide in support of the Title III litigation (First amendment effective November 1, 2017, second amendment effective April 1, 2018) (the “Consulting Agreement”), attached hereto as Exhibit B. The scope of work under the Consulting Agreement is divided into three (3) distinct workstreams: (i) Commonwealth Title III Support; (ii) Title III Support for PREPA; and (iii) Title III Support for HTA. This Third Interim Fee Application concerns the first workstream, namely Commonwealth Title III Support.⁴
11. Consistent with how McKinsey Washington serves clients and prices its engagements both for the public and private sectors, McKinsey Washington’s fee structure under the Consulting Agreement for services related to Commonwealth Title III support was constructed on a monthly firm fixed price basis, as set forth below:

⁴ McKinsey is simultaneously serving separate Third Interim Fee Applications for compensation for services rendered pursuant to the other two (2) workstreams under the Consulting Agreement.

Period of Performance	Fee
February 2018	\$1,940,000
March 2018	\$1,940,000
April 2018	\$1,940,000
May 2018	\$1,417,000

12. These monthly rates are similar to rates that McKinsey Washington charges for professional services rendered in comparable matters. Such fees are reasonable based on the customary compensation in a competitive market.
13. There is no agreement or understanding between McKinsey Washington and any other nonaffiliated person for the sharing of compensation to be received for services rendered in the Title III Cases.
14. All services performed by McKinsey Washington for which fees are requested herein were performed or incurred for and on behalf of the Debtor and were not for any other person or entity.

**SUMMARY DESCRIPTION OF SERVICES PERFORMED –
COMMONWEALTH TITLE III SUPPORT**

15. Set forth below is a brief summary of the principal matters on which McKinsey Washington provided services in connection with Commonwealth Title III support during the Compensation Period. The summary is not intended to be a detailed description of all the work performed during the Compensation Period. The complete details setting forth the day-to-day services provided by McKinsey Washington professionals is included in McKinsey Washington's Consolidated Fourth Monthly Fee Statement for Compensation For Services Rendered from February 1, 2018 through April 30, 2018: Commonwealth Title III Support (the "Consolidated Fourth Monthly Fee

Statement”), and in McKinsey Washington’s Fifth Monthly Fee Statement for Compensation For Services Rendered from May 1, 2018 through May 31, 2018: Commonwealth Title III Support (the “Fifth Monthly Fee Statement”), attached hereto as Exhibit C.

Commonwealth Title III Support

February 2018:

The scope of services and deliverables related to Commonwealth Title III during February 2018 involved refining the FOMB’s perspective across all aspects of the fiscal plan, including the baseline, fiscal measures, and structural reforms. In addition, it involved preparation of the analysis and content for major Board strategy sessions, as well as sessions between the Government and the Board. The team drove towards finalization of FOMB baseline and measures models, refined structural reform initiatives to drive economic growth, and analyzed the Government’s fiscal plan for points of divergence. The core activities included working directly with the Board, the Executive Director, and Board Staff on the below areas (and providing ad hoc support as needed):

The core activities and deliverables related to the Commonwealth Title III support during the period included:

- Facilitated major Board strategy sessions (including strategy sessions conducted on Feb 2nd, Feb 15th, and March 1st and 2nd) to share key analyses, tee up strategic decisions, and help prepare Board for government / Governor interactions
- Led diligence of Government Fiscal Plan submissions, including analysis of hundreds of discrete data sources and inputs, comparing with FOMB perspective baseline, measures, and structural reform scoring; scored Government Fiscal Plan and worked with FOMB staff to identify key recommendations and requirements

- Crafted content for Board to provide to Government to incorporate into Fiscal Plan (including pensions, labor, tax law initiatives, etc.)
- Created a new model structure for final Fiscal Plan model submission, and led government through new structure to help translate government model into final format
- Provided overview of core questions to answer in order to develop a successful county model (including, review of potential regionalization / consolidation options, sample county structures across mainland, etc.), and investigated best practices in county models
- Refined scoring of Board structural and fiscal reforms (e.g., labor reform impact on growth; potential impact of corrections rightsizing) and identified potential implementation mechanisms (including of NAP work requirement)
- Updated, maintained, and conducted ongoing quality assurance on hundreds of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
- Refined key estimates that influence the baseline projection of economic activity in Puerto Rico (e.g., refined federal disaster spend, revenue collections, Medicaid PMPM estimates, etc.) – including by determining implications of Senate Supplemental Bill (Bipartisan Budget Act)—including on Medicaid, disaster funding, Puerto Rico’s cost share, etc.
- Conducted multiple sessions with Government advisors to pressure test assumptions, refine data, discuss core ideas underpinning the fiscal plan
- Provided analysis for Board members as needed (including deep dive on FY18 budget and baseline, implication of actual revenue collections for FY18 revenue projections, etc.)

March 2018:

The scope of services and deliverables related to Commonwealth Title III during March 2018 involved refining the FOMB's perspective across all aspects of the fiscal plan, including the baseline, fiscal measures, and structural reforms. In addition, it involved participation in key Government / Board Working Groups to drive core outputs for the fiscal plan (including labor reform, tax reform, agency efficiencies). The core activities included working directly with the Board, the Executive Director, and Board Staff in the below areas (and providing ad hoc support as needed):

The core activities and deliverables related to the Commonwealth Title III support during the period included:

- Provided hundreds of pages of detailed edits / redline on Government March Commonwealth Fiscal Plan submission in order to prepare for approach to certification, including drafting core sections with FOMB perspectives
- Drafted overall framing / executive summary for the Fiscal Plan
- Participated in and helped prepare for key Working Groups to refine tax reform, agency efficiencies, and labor reform proposals for final fiscal plan, including preparing content, engaging with government collaborators, and codifying outputs
- Facilitated major Board strategy sessions to share key analyses, tee up strategic decisions, and help prepare Board for government / Governor interactions
- Led diligence of Government Fiscal Plan submissions, comparing with FOMB perspective baseline, measures, and structural reform scoring; scored Government Fiscal Plan and worked with FOMB staff to identify key recommendations and requirements
- Updated, maintained, and conducted ongoing quality assurance on hundreds of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico

- Conducted multiple sessions with Government advisors to finalize assumptions, refine data, discuss core ideas underpinning the fiscal plan, and finalized baseline projection of economic activity in Puerto Rico (including refined federal disaster spend, revenue collections, Medicaid PMPM estimates, etc.)
- Crafted long-term projections of Fiscal Plan in collaboration with other FOMB advisors, including major assumptions related to inputs for baseline, measures, structural reforms
- Provided ad hoc analysis for Board members as needed (including deep dive on FY18 budget and baseline, implication of actual revenue collections for FY18 revenue projections, etc.)

April 2018:

The scope of services and deliverables related to Commonwealth Title III during April 2018 involved finalizing the Commonwealth Fiscal Plan and financial model in order to support certification. The core activities included working directly with the Board, the Executive Director, and Board Staff in the below areas (and providing ad hoc support as needed):

The core activities and deliverables related to the Commonwealth Title III support during the period included:

- Initiated development of Fiscal Plan word document, with hundreds of pages outlining the proposed plan, demonstrating savings across timeline of plan, and providing supporting documentation and assumptions; incorporated edits of all Board members and FOMB advisors to finalize draft
- Facilitated major Board strategy sessions on April 6th, 13th, and 19th to share key analyses, tee up strategic decisions, and finalize the Fiscal Plan

- Finalized financial model to support Fiscal Plan based on final assumptions / inputs and projections
- Provided long-term macroeconomic, baseline, measures and structural reform assumptions for long-term financial projections and in support of the Debt Sustainability Analysis
- Supported Board through analysis of potential reinvestment scenarios to enable structural reforms
- Developed Board presentations, talking points, fact packs, and “FAQ” documents on the Fiscal Plan in order to support certification and explanation of plan to various stakeholder groups
- Translated Fiscal Plan and supporting exhibits into Spanish
- Updated, maintained, and conducted ongoing quality assurance on hundreds of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
- Provided ad hoc analysis for Board members as needed (including a comparison of Fiscal Plan to March 2017 Certified fiscal plan, etc.)
- Documented all assumptions in preparation for mediation and creditor engagement
- Began translation of Fiscal Plan into agency line item spend to enable creation of budget

May 2018:

The scope of services and deliverables related to Commonwealth Title III during May 2018 involved updating the Commonwealth Fiscal Plan to reflect new policy realities based on the Government's decisions related to labor reform. It involved supporting the negotiation of a new accommodation between the Government of Puerto Rico and the Board to amend the Commonwealth Fiscal Plan (to include repeal of Law 80 and investments to advance reform and reduce implementation risk), and then updating the Commonwealth Fiscal Plan and financial model

for a new certification at the end of the month (on May 30th). The core activities included working directly with the Board, the Executive Director, and Board Staff in the following areas (and providing ad hoc support as needed):

The core activities and deliverables related to the Commonwealth Title III support during the period included:

- Fiscal plan update incorporating technical updates and changes arising from accommodation reached with the Government
 - Led strategy sessions with Board members, advisors, and staff to understand potential changes needed in the Fiscal Plan based on Governor’s proposals
 - Conceptualized and modeled new financial scenarios to help the Board determine the revised accommodation with the Government of Puerto Rico
 - Reviewed and suggested potential economic development investments as part of the accommodation process
 - Edited Fiscal Plan word document to integrate new details surrounding the Government accommodation
 - Investigated impact of new Federal funding announcements revealed following the April 19th certification for inclusion in the end-of-May Fiscal Plan update
 - Researched and refined technical adjustments as part of the Fiscal Plan update process
 - Provided long-term macroeconomic, baseline, measures and structural reform assumptions for long-term financial projections and in support of the Debt Sustainability Analysis
- Organization of May 15th creditor mediation session and development of supporting materials

- Developed Board presentations, talking points, fact packs, and “FAQ” documents on the Fiscal Plan in order to support certification and explanation of plan to various stakeholder groups
- Prepared for and presented at mediation session between the Board and creditor groups on May 15th and May 16th
- Ad hoc financial analysis and support regarding development of the updated Fiscal Plan model and FY19 budget
 - Updated, maintained, and conducted ongoing quality assurance of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
 - Supported translation of Fiscal Plan into FY19 budget
 - Developed initial draft of best interest test based on fiscal plan certified April 19, 2018

SUMMARY OF PROFESSIONAL COMPENSATION REQUESTED

16. On December 15, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its First Interim Fee Application, covering the compensation period July 1, 2017 through September 30, 2017 [Docket No. 2073]. The hearing on that application was deferred to July 25, 2018 [Docket No. 3279].
17. On March 16, 2018, pursuant to the Interim Compensation Order, McKinsey Washington filed its Second Interim Fee Application, covering the period October 1, 2017 through January 31, 2018 [Docket No. 2756]. The hearing on that application was deferred to July 25, 2018 [Docket No. 3279].

18. On June 27, 2018, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Consolidated Fourth Monthly Fee Statement for services rendered from February 1, 2018 through April 30, 2018 under the Commonwealth Title III Support workstream (the “Consolidated Fourth Monthly Fee Period”).
19. As reflected in the Consolidated Fourth Monthly Fee Statement: Commonwealth Title III Support, during the Third Interim Fee Period, McKinsey Washington incurred \$5,820,000.00 in fees related to Commonwealth Title III Support and sought payment of ninety (90%) percent of such fees (\$5,238,000.00) in accordance with the Interim Compensation Order.
20. On July 16, 2018, pursuant to the Interim Compensation Order, McKinsey Washington served on the Notice Parties (as defined therein) the Fifth Monthly Fee Statement for services rendered from May 1, 2018 through May 31, 2018 under the Commonwealth Title III Support workstream (the “Fifth Monthly Fee Period”).
21. As reflected in the Fifth Monthly Fee Statement: Commonwealth Title III Support, during the Third Interim Fee Period, McKinsey Washington incurred \$1,417,000.00 in fees related to Commonwealth Title III Support and sought payment of ninety (90%) percent of such fees (\$1,275,300.00) in accordance with the Interim Compensation Order.
22. To date, McKinsey Washington has not been paid any fees for services rendered during the Third Interim Compensation Period.
23. Pursuant to this Third Interim Fee Application, McKinsey Washington seeks an interim allowance and payment of \$7,237,000.00, representing one hundred (100%) percent of its total fees (\$) incurred during the Compensation Period.

THE REQUESTED COMPENSATION SHOULD BE ALLOWED

24. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. Section 330 of the Bankruptcy Code provides that a court may award a professional "reasonable compensation for actual necessary services rendered ... and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1). Section 330 sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded ..., the court should consider the nature, the extent, and the value of such services, taking into account all relevant factors, including-

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title 11 U.S.C. § 330(a)(3).

25. As demonstrated by this Third Interim Fee Application and the exhibits attached hereto, the services that McKinsey Washington rendered during the Compensation Period were reasonable, necessary and appropriate. McKinsey Washington expended its time economically and without unnecessary duplication of effort. In addition, the work conducted was carefully assigned to

appropriate professionals, according to the experience and level of knowledge required for each particular task. Accordingly, approval of the compensation sought herein is warranted.

CONCLUSION

WHEREFORE, McKinsey Washington respectfully requests that the Court enter an order awarding McKinsey Washington an interim allowance and payment of compensation for the Compensation Period in the total amount of \$7,237,000.00 and granting such other relief as this Court deems just and proper.

Dated: July 16, 2018
Washington DC

McKinsey & Company, Inc. Washington DC

s/ Tyler Duvall
Tyler Duvall, Partner
McKinsey & Company, Inc. Washington DC
1200 19th Street NW Suite 1100
Washington DC 20036
Telephone: (202) 662 0078
Email: tyler_duvall@McKinsey.com

Strategic Consultant to the Debtor

Certificate of Service

1. Notice of this Third Interim Fee Application has been or will be provided by overnight delivery

or e-mail to:

- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. (ppossinger@proskauer.com);
- ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn: Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
- iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);
- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmardini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. (lucdespins@paulhastings.com);
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@cstlawpr.com) and Alberto J.E. Añeses Negrón, Esq. (aaneses@cstlawpr.com);
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq.

(rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn: Catherine Steege, Esq. (csteege@jenner.com) and Melissa Root, Esq. (mroot@jenner.com);

- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequeira, Esq. (ajb@bennazar.org);
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.Pena@hacienda.pr.gov);
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (BWilliamson@gklaw.com; KStadler@gklaw.com).

EXHIBIT A

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.

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**CERTIFICATION OF TYLER DUVALL IN SUPPORT OF THIRD INTERIM FEE
APPLICATION OF MCKINSEY & COMPANY, INC. WASHINGTON D.C.
AS CONSULTING SERVICES PROVIDER TO THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO, AS REPRESENTATIVE OF DEBTORS,
THE COMMONWEALTH OF PUERTO RICO FOR THE PERIOD
FROM FEBRUARY 1, 2018 THROUGH MAY 31, 2018**

I, Tyler Duvall, certify as follows:

1. I am a Partner in the firm of McKinsey & Company, Inc. Washington DC ("McKinsey Washington"). I submit this certification with respect to the third interim fee application of McKinsey Washington as consulting services provider in the above-captioned case (the "Third Interim Fee Application") for the allowance of compensation for professional services rendered during the relevant application period.
2. I make this certification in accordance with the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on June 6, 2018 [Docket Number 3269] (the "Interim Compensation Order").
3. In connection therewith, I hereby certify that:
 - (a) I have read the Third Interim Fee Application;
 - (b) To the best of my knowledge, information and belief formed after reasonable inquiry, the fees sought in the Third Interim Fee Application are in substantial compliance with the Interim Compensation Order and the United States Trustee Guidelines for

Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996; and

- (c) The Debtor, the United States Trustee, the official committee of unsecured creditors and the official committee of retirees of the Debtor have been provided with a copy of the Third Interim Fee Application simultaneously with the filing thereof, and will have at least 10 days to review such Third Interim Fee Application prior to any objection deadline with respect thereto.

Dated: July 16, 2018
Washington DC

/s/ Tyler Duvall
Tyler Duvall, Partner
McKinsey & Company, Inc. Washington DC
1200 19th Street NW Suite 1100
Washington DC 20036
Telephone: (202) 662 0078
Email: tyler_duvall@McKinsey.com

EXHIBIT B

PROPRIETARY and CONFIDENTIAL

CONSULTING AGREEMENT

McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

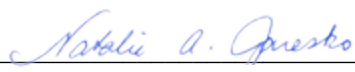
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

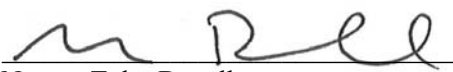
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico
(Client)

McKinsey & Company, Inc., Washington D.C.


Name: Natalie A. Jaresko
Title: Executive Director
Date: Sept. 12, 2017


Name: Tyler Duvall
Title: Partner
Date: September 8, 2017

ATTACHMENT 1
Scope of Work
For
Commonwealth Title III Support

Services:

In regards to support for the Commonwealth Title III proceedings to the Board to include:

Activities:

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
 - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
 - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
 - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
 - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
 - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
 - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverable:

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for PREPA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required (e.g. updated IRP for PREPA)
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for HTA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS FIRST AMENDMENT to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

WHEREAS, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board
For Puerto Rico**


Name: Natalie A. Jaresko

Title: Executive Director

Date:

McKinsey & Company, Inc., Washington D.C.


Name: Tyler Duval

Title: Principal

Date: March 8, 2018

AMENDED ATTACHMENT 1
Scope of Work For Commonwealth Title III Support

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

Support for the Commonwealth Title III proceedings to the Board to include the following:

I. Measure:

- Revising fiscal measures contained in the March 13th Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

II. Baseline and Macro:

- Reviewing full certified March 13th Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

AMENDED ATTACHMENT 3
Scope of Work For Title III Support for HTA

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

** For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS SECOND AMENDMENT to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

WHEREAS, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.


For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

McKinsey & Company, Inc., Washington D.C.



Name: Tyler Duvall

Title: Partner

SECOND AMENDED ATTACHMENT 3
Scope of Work for Title III Support for HTA

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
 - Capex program priorities and efficiency measures
 - Opportunities to increase revenues
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

SECOND AMENDED ATTACHMENT 1
Scope of Work for Commonwealth Title III Support

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

EXHIBIT C

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

-----X

In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO, *et al.* (Jointly Administered)

Debtors.¹

-----X

**CONSOLIDATED FOURTH MONTHLY FEE STATEMENT OF MCKINSEY &
COMPANY, INC. WASHINGTON D.C. FOR COMPENSATION FOR
SERVICES RENDERED FROM FEBRUARY 1, 2018 THROUGH APRIL 30, 2018**

Name of Professional: McKinsey & Company, Inc. Washington D.C.
("McKinsey Washington")

Authorized to Provide Services to: The Financial Oversight and Management Board for
Puerto Rico, as Representative of the Debtors
Pursuant to PROMESA Section 315(b)

Period for which compensation
and reimbursement is sought: February 1, 2018 – April 30, 2018

Amount of compensation sought
as actual, reasonable and necessary: **\$5,820,000**

Amount of expense reimbursement sought
sought as actual, reasonable and necessary²: **\$0.00**

Type of Fee Statement: Consolidated Fourth Monthly Fee Statement:
Commonwealth Title III Support³

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² McKinsey provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

³ Notice of this Consolidated Fourth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Procedures (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Procedures.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico (the “Debtors” or the “Board”), hereby serves this Consolidated Fourth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the months of February, March and April 2018 (the “Fee Period”) pursuant to the “Commonwealth Title III Support” Scope of Work of the consulting agreement between McKinsey Washington and the Board for consulting services in support of the Title III litigation (Contract dated July 3, 2017, with Amendment No. 1 effective November 1, 2017 and Amendment No. 2 effective April 1, 2018 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Bankruptcy Code, the Bankruptcy Rules the Local Rules, and the Interim Compensation Procedures (Section 11.a.), a Certification of Tyler Duvall, a Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B. Pursuant to the Interim Compensation Procedures (Section 11.b.), a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Consolidated Fourth Monthly Fee Statement, is attached as Exhibit C.

2. By this Consolidated Fourth Monthly Fee Statement: Commonwealth Title III Support, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee Period in the amount of \$5,238,000 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Procedures).

Summary of Services Rendered During the Fee Period

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the Consulting Agreement Scope of Work for Consulting Agreement Commonwealth Title III Support.³
4. Included at Exhibit D is a list of team members who performed services during the Fee Period, along with a detailed description of McKinsey Washington's scope of services, deliverables and team member activities, pursuant to the Commonwealth Title III Support Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoices⁴ for fees incurred during the Fee Period pursuant to the Consulting Agreement in support of the Commonwealth Title III Scope of Work. McKinsey Washington's fees – as agreed-upon in the Consulting Agreement and reflected in the invoices – are based on the usual and customary fees McKinsey Washington charges to clients and are commensurate with the services performed. As reflected

³ McKinsey is simultaneously serving separate consolidated monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

⁴ The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%), which is applicable to payments for services performed in Puerto Rico. In accordance with the terms of the Consulting Agreement, McKinsey has calculated the proportion of fees attributable to work performed in Puerto Rico and determined the applicable tax to be withheld by the client for payment to the Puerto Rico tax authorities. The net amount reflected on the invoice to be collected by McKinsey is consistent with the terms of the Consulting Agreement.

in Exhibit E, McKinsey Washington incurred \$5,820,000 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$5,238,000).

6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.
7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

Representations

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Consolidated Fourth Monthly Fee Statement: Commonwealth Title III Support due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures.

Notice

9. Notice of this Consolidated Fourth Monthly Fee Statement: Commonwealth Title III Support

has been or will be provided by overnight delivery or e-mail to:

- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. (ppossinger@proskauer.com);
- ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn: Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
- iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);
- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmagini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despains, Esq. (lucdespains@paulhastings.com);
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@cstlawpr.com) and Alberto J.E. Añeses Negrón, Esq. (aaneses@cstlawpr.com);
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. (rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn:

Catherine Steege, Esq. (csteege@jenner.com) and Melissa Root, Esq. (mroot@jenner.com);

- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequiera, Esq. (ajb@bennazar.org);
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.Pena@hacienda.pr.gov);
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (KStadler@gklaw.com).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$5,238,000, representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: June 27, 2018 McKinsey & Company, Inc. Washington DC
Washington DC

s/Tyler Duvall
Tyler Duvall
Partner
McKinsey & Company, Inc. Washington DC
1200 19th St NW #1000
Washington, DC 20036
Telephone: (202) 662-3100
Email: Tyler_Duvall@Mckinsey.com

Strategic Consultant to the Debtors

EXHIBIT A

*Consulting Services Agreement
Between McKinsey Washington and the Board
In Support of the Title III Litigation
(entered in on or about and July 3, 2017, Amendment No. 1 effective
November 1, 2017, Amendment No. 2 effective April 1, 2018
(the “Consulting Agreement”)
Statement of Work for Commonwealth Title III Support*

PROPRIETARY and CONFIDENTIAL

CONSULTING AGREEMENT

McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. SERVICES. The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. COMPENSATION. The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. CONFIDENTIALITY. Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. INTELLECTUAL PROPERTY. Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

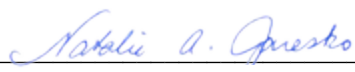
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

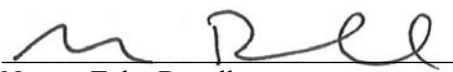
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico
(Client)

McKinsey & Company, Inc., Washington D.C.


Name: Natalie A. Jaresko
Title: Executive Director
Date: Sept. 12, 2017


Name: Tyler Duvall
Title: Partner
Date: September 8, 2017

ATTACHMENT 1
Scope of Work
For
Commonwealth Title III Support

Services:

In regards to support for the Commonwealth Title III proceedings to the Board to include:

Activities:

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
 - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
 - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
 - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
 - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
 - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
 - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverable:

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for PREPA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required (e.g. updated IRP for PREPA)
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for HTA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS FIRST AMENDMENT to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

WHEREAS, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board
For Puerto Rico**


Name: Natalie A. Jaresko

Title: Executive Director

Date:

McKinsey & Company, Inc., Washington D.C.


Name: Tyler Duvall

Title: Principal

Date: March 8, 2018

AMENDED ATTACHMENT 1
Scope of Work For Commonwealth Title III Support

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

Support for the Commonwealth Title III proceedings to the Board to include the following:

I. Measure:

- Revising fiscal measures contained in the March 13th Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

II. Baseline and Macro:

- Reviewing full certified March 13th Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

AMENDED ATTACHMENT 3
Scope of Work For Title III Support for HTA

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

** For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS SECOND AMENDMENT to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

WHEREAS, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

McKinsey & Company, Inc., Washington D.C.



Name: Tyler Duvall

Title: Partner

SECOND AMENDED ATTACHMENT 3
Scope of Work for Title III Support for HTA

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
 - Capex program priorities and efficiency measures
 - Opportunities to increase revenues
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

SECOND AMENDED ATTACHMENT 1
Scope of Work for Commonwealth Title III Support

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

EXHIBIT B

Certification of McKinsey Washington Partner Tyler Duvall

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO, *et al.* (Jointly Administered)

Debtors.

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CERTIFICATION OF TYLER DUVALL

I, Tyler Duvall, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have personally performed many of the professional services rendered by McKinsey Washington as strategic consultant to the Debtors and am familiar with all other work performed on behalf of the Debtors by the Partners, Associates, and other persons in the Firm;
3. The facts set forth in the foregoing Consolidated Fourth Monthly Fee Statement: Commonwealth Title III Support are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Consolidated Fourth Monthly Fee Statement: Commonwealth Title III Support complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
 - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
 - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;

- iii. The amounts of these invoice are reasonable;
- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: June 27, 2018
Washington, DC

s/Tyler Duvall

Tyler Duvall
Partner
McKinsey & Company, Inc. Washington DC

EXHIBIT C

Certification of FOMB Executive Director Natalie Jaresko

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

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In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i> Debtors.	PROMESA Title III No. 17 BK 3283-LTS (Jointly Administered)
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**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR
PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON
MONTHLY FEE STATEMENTS**

In accordance with the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket Number 3269, June 6, 2018] (“Interim Compensation Procedures”), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico (“FOMB”);
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the “Consulting Agreement”);
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services McKinsey provided in February, March and April 2018 under each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA”; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Consolidated Third Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support provided during the months of February, March and April 2018, pursuant to each

of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: June 21, 2018



Natalie Jaresko
Executive Director
The Financial Oversight and Management Board
For Puerto Rico

EXHIBIT D

Title III Support for Commonwealth

February 2018

Summary of Work

The scope of services and deliverables related to Commonwealth Title III during February 2018 involved refining the FOMB's perspective across all aspects of the fiscal plan, including the baseline, fiscal measures, and structural reforms. In addition, it involved preparation of the analysis and content for major Board strategy sessions, as well as sessions between the Government and the Board. The team drove towards finalization of FOMB baseline and measures models, refined structural reform initiatives to drive economic growth, and analyzed the Government's fiscal plan for points of divergence. The core activities included working directly with the Board, the Executive Director, and Board Staff on the below areas (and providing ad hoc support as needed):

McKinsey Washington's Commonwealth Title III Team Detailed Activities by Deliverable:

- Facilitated major Board strategy sessions (including strategy sessions conducted on Feb 2nd, Feb 15th, and March 1st and 2nd) to share key analyses, tee up strategic decisions, and help prepare Board for government / Governor interactions
- Led diligence of Government Fiscal Plan submissions, including analysis of hundreds of discrete data sources and inputs, comparing with FOMB perspective baseline, measures, and structural reform scoring; scored Government Fiscal Plan and worked with FOMB staff to identify key recommendations and requirements
- Crafted content for Board to provide to Government to incorporate into Fiscal Plan (including pensions, labor, tax law initiatives, etc.)
- Created a new model structure for final Fiscal Plan model submission, and led government through new structure to help translate government model into final format
- Provided overview of core questions to answer in order to develop a successful county model (including, review of potential regionalization / consolidation options, sample county structures across mainland, etc.), and investigated best practices in county models
- Refined scoring of Board structural and fiscal reforms (e.g., labor reform impact on growth; potential impact of corrections rightsizing) and identified potential implementation mechanisms (including of NAP work requirement)
- Updated, maintained, and conducted ongoing quality assurance on hundreds of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
- Refined key estimates that influence the baseline projection of economic activity in Puerto Rico (e.g., refined federal disaster spend, revenue collections, Medicaid PMPM estimates,

etc.) – including by determining implications of Senate Supplemental Bill (Bipartisan Budget Act)—including on Medicaid, disaster funding, Puerto Rico’s cost share, etc.

- Conducted multiple sessions with Government advisors to pressure test assumptions, refine data, discuss core ideas underpinning the fiscal plan
- Provided analysis for Board members as needed (including deep dive on FY18 budget and baseline, implication of actual revenue collections for FY18 revenue projections, etc.)

McKinsey Washington’s Commonwealth Title III Team Detail and Contributions

- Bertil Chappuis (Senior Partner)
 - Provided overall guidance across all McKinsey efforts and managed overall relationships with Board, Board staff and other advisors to ensure efficient and effective execution of work
 - Participated in weekly Executive Board and Subcommittee calls to review progress and advise on key decisions
 - Participated in multiple individual discussions with outside stakeholders in Puerto Rico to understand and inform Board strategy and approach (eg NGOs, business leaders, community leaders
 - Reviewed and provided feedback on all interim and final documents for Board working sessions with Governor in NY on Feb 2nd, and creditor mediation on Feb 3rd
 - Provided guidance on agenda for Feb 2nd and 3rd sessions and attended all meetings
- Kevin Carmody (Senior Partner)
 - Participated in problem solving sessions with the team regarding the fiscal plan
 - Reviewed presentation and supporting analyses for meetings with the Board
 - Worked with McKinsey leadership team to set specific goals and priorities related to the fiscal plan work and supporting details
 - Reviewed short-term/intermediate term financial projections to assess the short-term funding requirements for Puerto Rico
 - Coordinated and participated in cross advisor meetings (Board and Commonwealth) regarding Title III and Commonwealth Fiscal Plan/liquidity requirement matters
 - Provided overall quality control on team content and stakeholder management with Board, FOMB staff and co-advisors
- Thomas Dohrmann (Senior Partner)
 - Participated in working sessions with team regarding the government’s fiscal plan assumptions
 - Provided input on Board materials regarding macroeconomic projections and revenue and expenditure measures

- Provided expertise on global comparable disaster events and impacts
- Tyler Duvall (Partner)
 - Overall day-to-day McKinsey lead for all Title III efforts.
 - Led fiscal plan work with respect to measures and integration of structural reforms into fiscal plan.
 - Participated in twice a week problem solving sessions with fiscal plan team
 - Helped lead Board strategy and preparation working sessions in support of Board discussions with the Governor
 - Led McKinsey team participation in advisor/Board/Governor fiscal plan meetings in NYC
 - Provide specific content leadership related to areas of expertise including: infrastructure delivery and government operational efficiencies;
 - Briefed Executive Director of FOMB regularly on all material topics related to fiscal plan development
- Jonathan Davis (Partner)
 - Directed work of overall team and led quality control of all Board materials and documentation
 - Led content creation on fiscal baseline, fiscal and structural measures, providing overall guidance, problem solving support, and expertise
 - Provided in-depth review over multiple iterations of draft fiscal plans for overall consistency, content quality
 - Participated in key Board and Executive Director meetings to provide expertise and thought partnership
 - Provided expertise on a variety of topics, including federal tax reform, macroeconomic drivers, global comparable disaster events and impacts, core principles and best practices for tax reform, and revenue measures
- Jennifer Rost (Partner)
 - Provided expertise on and led content creation on all healthcare analyses and outputs, including baseline expenditure projections (including population projections, PMPM growth rates), potential measures, new assumptions to incorporate, etc.
- Ojas Shah (Partner)
 - Led overall work with regards to fiscal plan model development, analysis and refinement
 - Participated in Board strategy and preparation working sessions in support of Board discussions with the Governor
 - Attended advisor/Board/Governor fiscal plan meetings in NYC
 - Prepare for and attended creditor mediation session regarding draft fiscal plan on February 3, 2018.

- Led analysis and engagement with government advisors regarding the creation of a professional fee forecast
- Attended and participated in several working sessions with government advisors regarding fiscal plan expense baseline and model structure
- Oversaw the preparation of analysis regarding expense baseline in response to Board diligence questions
- Participated in FOMB and Executive Director calls to provide updates regarding Title III and Commonwealth Fiscal Plan related matters and analyses
- Todd Wintner (Associate Partner)
 - Directed work of fiscal measures team and led quality control of all Board materials / documentation related to fiscal measures
 - Provided expertise to develop Board perspective on expenditures baseline, including key changes in departmental costs (cap ex, op ex), personnel costs (e.g., payroll, pensions), programmatic costs (e.g., Medicaid), and other key model line items and inputs
 - Led FOMB perspective Fiscal Plan measures modeling and comparison to Government submissions, including structural reforms (e.g., education)
 - Participated in joint Government-FOMB agency right-sizing working group to reach alignment on specific agency targets and measures for inclusion in fiscal plan
 - Helped lead FOMB perspective on healthcare and education measures refinement, including key meetings with the AAFAF, Puerto Rico Department of Education (PRDE) and ASES
 - Helped lead content creation on key documentation and participated in key Board and Executive Director interactions on measure development and expenditure baseline
- Sara O'Rourke (Engagement Manager)
 - Managed working team across all topic areas, and drove progress on the ground (scoping work, determining workplan, scheduling key touchpoints, pulling in expertise where needed)
 - Reviewed and conducted quality control for key documentation for Board / Executive Director interactions, as well as for external stakeholders (including public board meetings, listening sessions, creditor sessions)
 - Served as primary contact for all McKinsey Title III teams for Board, Executive Director & staff; as well as point of contact for baseline team in all external stakeholder interactions
 - Prepared presentations for and presented key content for Executive Director and Board
 - Incorporated perspectives across teams on core measures, structural reforms with implications on HTA, PREPA, PRASA, etc.
 - Managed relationships and worked closely with Board and Government economists to finalize estimations
 - Facilitated Board sessions

- Justin Reed (Senior Associate)
 - Organized and participated in cross advisor calls and meetings to coordinate fiscal plan revision efforts with Government advisors
 - Participated in discussions with government officials regarding outstanding agency paygo balances owed to Commonwealth and monthly paygo reporting
 - Drove initial development and review of bridge from FY18 budget to revised fiscal plan expense baseline
 - Drove development of revised fiscal plan model structure and led coordination calls/meetings with Government advisors to align on final structure
 - Continued collaborated with Government advisors to align on methodology used to projected baseline revenues
 - Reviewed and refined analysis highlighting agencies covered under the Commonwealth fiscal plan
 - Drove analysis projecting Commonwealth maintenance capex expense and collaborated with government advisors to understand Commonwealth capex allocation to UPR and HTA
 - Reviewed and refined analysis projecting FOMB and Government professional fees
 - Participated in cross advisor calls and meetings to coordinate fiscal plan revision efforts with Government advisors
- Justin Collins (Associate)
 - Drove continued review and response to creditor mediation questions
 - Initial development of analysis highlighting outstanding paygo amounts due to the commonwealth from various agencies and instrumentalities
 - Developed initial draft analysis outlining key changes from the fiscal plan certified March 2017
 - Initial development of bridge from FY18 budget to revised fiscal plan expense baseline
 - Developed analysis bridging FY18 budget to IFCU forecasts
- Dean Udom (Associate)
 - Responsible for analysis of fiscal plan expenditures baseline, including major impacts to payroll, cap ex, op ex, and Medicaid expenditures
 - Integrated initial budget bridge analysis into master fiscal plan model
 - Developed updated fiscal plan model structure presenting revenues and expenses on a gross basis and highlighting key sources of federal funding
 - Developed detailed variance analysis highlighting differences between the draft government and FOMB perspectives
 - Owned master fiscal plan model, updating key assumptions and methodologies based on most recent information and analyses

- Managed integration of measures model into master fiscal plan model including coordination with measures team, merging of models, and reconciliation of final output
- Peter Bailinson (Analyst)
 - Drove analysis on fiscal measures related to pensions, subsidies, government rightsizing (including corrections, police, procurement, all other agencies), and revenues – and crafted core content for Board’s perspective
 - Developed in-depth analysis on potential impact of county proposal, as well as core questions to answer to successfully build out county model
 - Provided scenario analysis of various agency efficiencies targets (including across education, corrections, etc.)
 - Owned overall measures model and managed integration between measures and baseline models on core overlapping areas
 - Drove analysis to develop Fiscal Plan materials related to corporate tax reform and subsidy principles
- Adam Gerard (Analyst)
 - Led research and thinking on major revenue and expenditure assumptions (including, Act 154, corporate / individual / SUT revenues, Independently Forecasted Component Units, etc.)
 - Helped lead problem solving with economists and demographer to refine macroeconomic model and projections. Including by analyzing Senate Supplemental Bill and HUD CDBG proposals to understand impact on macro
 - Led sizing of structural reforms and impact on macroeconomic trendline (including impact of revenue neutral tax reform)
 - Drafted core content on structural reforms, baseline projections, and macroeconomic trendline for Board fiscal plan perspective.
- Avery Rasmussen (Analyst)
 - Responsible for ongoing refinement of Medicaid baseline as new data became available to finalize FOMB perspective and led diligence of Government Fiscal Plan Medicaid baseline submissions
 - Led analysis of interpretation of Medicaid federal funds – timing, eligibility, and overall impact on surplus
 - Led analysis and finalized perspective on healthcare and education measures
 - Led structural reforms analysis, working with experts and clients on developing initiatives, metrics, cost analysis, and working with economists on growth impact
 - Co-owned measures model to develop FOMB Fiscal Plan perspective of Medicaid and Education measures, refining as new data became available and leading diligence of Government submissions

March 2018

Summary of Work

The scope of services and deliverables related to Commonwealth Title III during March 2018 involved refining the FOMB's perspective across all aspects of the fiscal plan, including the baseline, fiscal measures, and structural reforms. In addition, it involved participation in key Government / Board Working Groups to drive core outputs for the fiscal plan (including labor reform, tax reform, agency efficiencies). The core activities included working directly with the Board, the Executive Director, and Board Staff in the below areas (and providing ad hoc support as needed):

McKinsey's Commonwealth Title III Team Detailed Activities by Deliverable:

- Provided hundreds of pages of detailed edits / redline on Government March Commonwealth Fiscal Plan submission in order to prepare for approach to certification, including drafting core sections with FOMB perspectives
- Drafted overall framing / executive summary for the Fiscal Plan
- Participated in and helped prepare for key Working Groups to refine tax reform, agency efficiencies, and labor reform proposals for final fiscal plan, including preparing content, engaging with government collaborators, and codifying outputs
- Facilitated major Board strategy sessions to share key analyses, tee up strategic decisions, and help prepare Board for government / Governor interactions
- Led diligence of Government Fiscal Plan submissions, comparing with FOMB perspective baseline, measures, and structural reform scoring; scored Government Fiscal Plan and worked with FOMB staff to identify key recommendations and requirements
- Updated, maintained, and conducted ongoing quality assurance on hundreds of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
- Conducted multiple sessions with Government advisors to finalize assumptions, refine data, discuss core ideas underpinning the fiscal plan, and finalized baseline projection of economic activity in Puerto Rico (including refined federal disaster spend, revenue collections, Medicaid PMPM estimates, etc.)
- Crafted long-term projections of Fiscal Plan in collaboration with other FOMB advisors, including major assumptions related to inputs for baseline, measures, structural reforms
- Provided ad hoc analysis for Board members as needed (including deep dive on FY18 budget and baseline, implication of actual revenue collections for FY18 revenue projections, etc.)

McKinsey's Commonwealth Title III Team Detail and Contributions

- Bertil Chappuis (Senior Partner)
 - Provided overall guidance across all McKinsey efforts and managed overall relationships with Board, Board staff and other advisors to ensure efficient and effective execution of work
 - Participated in weekly Executive Board and Subcommittee calls to review progress and advise on key decisions
 - Reviewed and provided feedback on all interim and final documents, including for Board session on March 25
 - Provided guidance on agenda for March 25th and attend meeting
- Thomas Dohrmann (Senior Partner)
 - Participated in working sessions with team regarding the evaluation of government's draft fiscal plan assumptions
 - Provided input on Board materials regarding macroeconomic projections and revenue and expenditure measures
 - Participated in select Board and FOMB sessions regarding fiscal plan development and assumptions
- Kevin Carmody (Senior Partner)
 - Reviewed materials in advance of stakeholder listening session on December 4
 - Participated in team problem solving sessions to discuss current workstreams and content created for fiscal plan
 - Supported content creation on fiscal plan revision process
 - Provided quality control on team content for discussions with Board, FOMB staff and co-advisors
- Tyler Duvall (Partner)
 - Overall day-to-day McKinsey lead for all Title III efforts.
 - Led fiscal plan work with respect to measures and integration of structural reforms into fiscal plan.
 - Participated in twice a week problem solving sessions with fiscal plan team
 - Helped lead Board strategy and preparation working sessions in support of Board discussions with the Governor
 - Led McKinsey team participation in advisor/Board/Governor fiscal plan meetings
 - Provide specific content leadership related to areas of expertise including: infrastructure delivery and government operational efficiencies;
 - Briefed Executive Director of FOMB regularly on all material topics related to fiscal plan development

- Jonathan Davis (Partner)
 - Directed work of overall team and led quality control of all Board materials / documentation
 - Key participant in Commonwealth / FOMB tax working group, including multiple working sessions with Hacienda and its advisors, analysis of proposals, briefings of Board members, and documentation of outcomes
 - Conducted research on actual revenue trends, including internal analysis as well as external interviews
 - Led content creation on fiscal baseline and revenue related structural reforms and measures, providing overall guidance, problem solving support, and expertise
 - Provided expertise on a variety of topics, including federal tax reform, macroeconomic drivers, global comparable disaster events and impacts, core principles and best practices for tax reform, and revenue measures
- Ojas Shah (Partner)
 - Led overall work with regards to fiscal plan model development, analysis and refinement
 - Attended additional advisor/Board/Governor fiscal plan meeting in NYC
 - Participated in discussions with FOMB team to refine expense baseline forecast
 - Participate in discussions with other Board advisors regarding development of and assumptions related to the long-term forecast
 - Prepared for and participated in Board meetings to review and comment on draft fiscal submissions from the government
 - Led engagement with government advisors regarding refinement of professional fee forecast
 - Participated in FOMB and Executive Director calls to provide updates regarding Title III and Commonwealth Fiscal Plan related matters and analyses
- Todd Wintner (Associate Partner)
 - Directed work of fiscal measures team and led quality control of all Board materials / documentation related to fiscal measures and expenditure baseline, including refinement of non-disaster related federal funding assumptions (e.g., Medicaid reimbursement)
 - Led FOMB perspective on select Fiscal Plan measures and structural reforms (e.g., healthcare, education) modeling and comparison to Government submissions
 - Participated in joint Government-FOMB agency right-sizing working group to reach alignment on specific agency targets and measures for inclusion in fiscal plan
 - Helped lead content creation on key documentation and participated in key Board and Executive Director interactions

- Provided integration across UPR and CW fiscal plans
- Jennifer Rost (Associate Partner)
 - Provided expertise on and led content creation on all healthcare analyses and outputs, including baseline expenditure projections (including population projections, PMPM growth rates), potential measures, new assumptions to incorporate, and federal funding assumptions
- Sara O'Rourke (Engagement Manager)
 - Managed working team across all topic areas, and drove progress on the ground (scoping work, determining workplan, scheduling key touchpoints, pulling in expertise where needed)
 - Reviewed and conducted quality control for key documentation for Board / Executive Director interactions, as well as for external stakeholders (including public board meetings, listening sessions, creditor sessions)
 - Served as primary contact for all McKinsey Washington Title III teams for Board, Executive Director & staff; as well as point of contact for baseline team in all external stakeholder interactions
 - Prepared presentations for and presented key content for Executive Director and Board
 - Incorporated perspectives across teams on core measures, structural reforms with implications on HTA, PREPA, PRASA, etc.
 - Managed relationships and worked closely with Board and Government economists to finalize estimations
 - Facilitated Board sessions
- Justin Reed (Senior Associate)
 - Coordinated and participated in cross advisor calls and meetings to coordinate fiscal plan revision efforts with Government advisors
 - Reviewed and revised draft analysis mapping FY17 budget to FY18 budget and noting key differences
 - Reviewed and revised agency right sizing expense baseline
 - Drove collaboration to promote assumption alignment across PREPA, HTA, and Commonwealth fiscal plans
 - Reviewed analysis detailing Commonwealth UPR appropriation
 - Drove development of comprehensive analysis comparing FY17 and 18 budgets to the fiscal plan certified in March 2017 and the revised fiscal plan
 - Coordinated board subcommittee meeting reviewing expense baseline assumptions
 - Reviewed analyses comparing assumptions included in the government and FOMB draft fiscal plan perspectives

- Justin Collins (Associate)
 - Initial development of multiple analyses used to validate baseline assumptions
 - Development of updated bridge from FY18 baseline to FP2.0
 - Participated in continued development of fiscal plan expense baseline
 - Further development of analysis quantifying outstanding paygo obligation owed to the Commonwealth by agencies and instrumentalities
 - Further review and analysis regarding entities covered in the revised fiscal plan
- Dean Udom (Associate)
 - Development of analysis comparing FY17 and FY18 budget
 - Development of agency rightsizing expense baseline
 - Development of reconciliation from agency rightsizing expense baseline to FY18 budget
 - Implemented structural changes to consolidated fiscal plan model
 - Processed general fiscal plan maintenance updates
 - Participated in cross advisor calls to further alignment on baseline revenue projections
- Peter Bailinson (Analyst)
 - Core driver of work related to agency efficiencies working group, integrating work from across team
 - Drove analysis on fiscal measures related to pensions, subsidies, government rightsizing (including corrections, police, procurement, all other agencies), and revenues – and crafted core content for Board's perspective
 - Provided scenario analysis of various agency efficiencies targets (including across education, corrections, etc.)
 - Owned overall measures model and managed integration between measures and baseline models on core overlapping areas
- Avery Rasmussen (Analyst)
 - Helped drive bottom up analysis of Department of Health and Education, as well as top down agency efficiencies analysis on core groupings (including Social Welfare, Executive Office, etc.)
 - Responsible for ongoing refinement of Medicaid baseline as new data became available to finalize FOMB perspective and led diligence of Government Fiscal Plan Medicaid baseline submissions
 - Helped drive top down agency efficiencies working group analysis on agency groupings
 - Finalized interpretation of Medicaid federal funds – timing, eligibility, and overall impact on surplus
 - Finalized structural reforms analysis, working with experts and clients on developing initiatives, metrics, cost analysis, and working with economists on growth impact

- Adam Gerard (Analyst)
 - Finalized FOMB perspective on major revenue and expenditure assumptions (including Act 154, corporate / individual / SUT revenues, Independently Forecasted Component Units, etc.)
 - Helped drive top down agency efficiencies working group analysis on agency groupings
 - Supported tax reform working group through key analysis of pay fors / incentives / subsidies
 - Helped lead problem solving with economists and demographer to refine macroeconomic model and projections (including disaster spend, pass-through, roll out)
 - Drafted core content on structural reforms, baseline projections, and macroeconomic trendline for Board fiscal plan perspective.

April 2018

Summary of Work

The scope of services and deliverables related to Commonwealth Title III during April 2018 involved finalizing the Commonwealth Fiscal Plan and financial model in order to support certification. The core activities included working directly with the Board, the Executive Director, and Board Staff in the below areas (and providing ad hoc support as needed):

McKinsey's Commonwealth Title III Team Detailed Activities by Deliverable

- Initiated development of Fiscal Plan word document, with hundreds of pages outlining the proposed plan, demonstrating savings across timeline of plan, and providing supporting documentation and assumptions; incorporated edits of all Board members and FOMB advisors to finalize draft
- Facilitated major Board strategy sessions on April 6th, 13th, and 19th to share key analyses, tee up strategic decisions, and finalize the Fiscal Plan
- Finalized financial model to support Fiscal Plan based on final assumptions / inputs and projections
- Provided long-term macroeconomic, baseline, measures and structural reform assumptions for long-term financial projections and in support of the Debt Sustainability Analysis
- Supported Board through analysis of potential reinvestment scenarios to enable structural reforms
- Developed Board presentations, talking points, fact packs, and "FAQ" documents on the Fiscal Plan in order to support certification and explanation of plan to various stakeholder groups
- Translated Fiscal Plan and supporting exhibits into Spanish

- Updated, maintained, and conducted ongoing quality assurance on hundreds of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
- Provided ad hoc analysis for Board members as needed (including a comparison of Fiscal Plan to March 2017 Certified fiscal plan, etc.)
- Documented all assumptions in preparation for mediation and creditor engagement
- Began translation of Fiscal Plan into agency line item spend to enable creation of budget

McKinsey's Commonwealth Title III Team Detail and Contributions

- Bertil Chappuis (Senior Partner)
 - Provided overall guidance across all McKinsey efforts and managed overall relationships with Board, Board staff and other advisors to ensure efficient and effective execution of work
 - Participated in weekly Executive Board and Subcommittee calls to review progress and advise on key decisions
 - Reviewed and provided feedback on all interim and final documents, including for Board sessions on April 19th and 20th and attended all sessions
 - Provided guidance on agenda for April 19th and 20th Board meetings and attend Sessions
- Thomas Dorman (Senior Partner)
 - Participated in working sessions with team regarding evaluation of development of Board fiscal plan
 - Provided input on Board materials regarding macroeconomic projections and revenue and expenditure measures
 - Participated in select Board and FOMB sessions leading up to certification of the fiscal plan
- Kevin Carmody (Senior Partner)
 - Reviewed analyses related to model structure and baseline assumptions included in draft government submission of revised fiscal plan
 - Participated in problem solving sessions with team regarding the fiscal plan assumptions
 - Reviewed variance analysis highlighting outstanding key areas of difference between government draft fiscal plan and FOMB perspective
 - Attended and participated in several FOMB strategy sessions in support of on-going discussions between the FOMB and the government
 - Provided quality control on team content
- Tyler Duvall (Partner)
 - Overall day-to-day McKinsey lead for all Title III efforts.

- Led fiscal plan work with respect to measures and integration of structural reforms into fiscal plan.
- Participated in twice a week problem solving sessions with fiscal plan team
- Helped lead Board strategy and preparation working sessions in support of Board discussions with the Governor
- Led McKinsey team participation in advisor/Board/Governor fiscal plan meetings
- Provide specific content leadership related to areas of expertise including: infrastructure delivery and government operational efficiencies;
- Briefed Executive Director of FOMB regularly on all material topics related to fiscal plan development
- Jonathan Davis (Partner)
 - Directed work of overall team and led quality control of all Board materials / documentation
 - Conducted numerous reviews of draft fiscal plans, in whole and in part, for consistency and quality leading up to fiscal plan certification
 - Supported FOMB staff and members on core fiscal topics leading up to public meeting
 - Led content creation on fiscal baseline and revenue related structural reforms and measures, providing overall guidance, problem solving support, and expertise
 - Provided expertise on a variety of topics, including federal tax reform, macroeconomic drivers, global comparable disaster events and impacts, core principles and best practices for tax reform, and revenue measures
- Ojas Shah (Partner)
 - Led overall work with regards to fiscal plan model development, analysis and refinement
 - Draft and review and comment on drafts of various sections of Board fiscal plan
 - Review and comment on latest draft Gov't fiscal plan
 - Participate in strategy and preparation sessions with Board and FOMB advisors to finalize fiscal plan and prepare for public hearing on April 19/20.
 - Attend public certification hearing on April 19/20 in San Juan, PR.
 - Review and comment on latest draft fiscal plan model prepare for certification
 - Participated in FOMB and Executive Director calls to provide updates regarding Title III and Commonwealth Fiscal Plan related matters and analyses
- Todd Wintner (Associate Partner)
 - Directed work of fiscal measures team and led quality control of all Board materials / documentation related to fiscal measures
 - Led FOMB perspective on select Fiscal Plan measures and structural reforms (e.g., healthcare, education) modeling and comparison to Government submissions

- Helped lead content creation on key documentation and participated in key Board and Executive Director interactions, including preparation for Board strategy session on 4/19
- Ensured continuity and integration across UPR and CW fiscal plans, particularly with regard to CW appropriations, in lead up to certification of UPR fiscal plan in April
- Sara O'Rourke (Engagement Manager)
 - Managed working team across all topic areas, and drove progress on the ground (scoping work, determining workplan, scheduling key touchpoints, pulling in expertise where needed)
 - Reviewed and conducted quality control for key documentation for Board / Executive Director interactions, as well as for external stakeholders (e.g., public board meetings, listening sessions, creditor sessions)
 - Served as primary contact for all McKinsey Title III teams for Board, Executive Director & staff; as well as point of contact for baseline team in all external stakeholder interactions
 - Prepared presentations for and presented key content for Executive Director and Board
 - Incorporated perspectives across teams on core measures, structural reforms with implications on HTA, PREPA, PRASA, etc.
 - Managed relationships and worked closely with Board and Government economists to finalize estimations
 - Facilitated Board sessions
- Justin Reed (Senior Associate)
 - Led the review, analysis, and response related to model structure and baseline assumptions included in draft government submission of revised fiscal plan
 - Led the development of variance analysis highlighting outstanding key areas of difference between government draft fiscal plan and FOMB perspective
 - Drove development of fiscal plan financial exhibits
 - Detailed review and reconciliation of all financial exhibits included in the fiscal plan certified on April 20, 2018
 - Drove development of and reviewed 40 year long-term expense and IFCU baseline projections
 - Drove initial team preparation for fiscal plan related creditor mediation session
- Dean Udom (Associate)
 - Maintained financial model supporting FOMB fiscal plan perspective including processing updates and general model maintenance
 - Development of key baseline related fiscal plan exhibits
 - Development of ad hoc financial analyses requested by FOMB to highlight key baseline related trends over the projected period

- Supported updates to fiscal plan revenue and expense baseline assumptions
- Participated in cross advisor calls and meetings to coordinate fiscal plan revision efforts and align assumptions with Government advisors
- Detailed review and reconciliation of fiscal plan exhibits included in the plan certified on April 20, 2018
- Peter Bailinson (Analyst)
 - Refined and finalized analysis on fiscal measures related to pensions, subsidies, government rightsizing (including corrections, police, procurement, all other agencies), and revenues
 - Drove all Fiscal Plan content related to agency efficiencies, pensions, subsidies, Office of the CFO, and implementation planning
 - Supported reinvestment scenario analysis, especially as related to UPR funding
 - Owned overall measures model and managed integration between measures and baseline models on core overlapping areas
- Adam Gerard (Analyst)
 - Drove fiscal plan content related to baseline / macroeconomics, as well as history / background of Puerto Rico and context for current recession and crisis
 - Finalized FOMB perspective on major revenue and expenditure assumptions (including, Act 154, corporate / individual / SUT revenues, Independently Forecasted Component Units, etc.)
 - Helped lead problem solving with economists and demographer to refine macroeconomic model and projections (including disaster spend, pass-through, roll out)
 - Managed long-term fiscal plan assumptions and projections, including supporting reinvestment scenario analysis through long-term projections of various scenarios
- Avery Rasmussen (Analyst)
 - Drove fiscal plan content related to healthcare baseline and measures, as well as structural reforms
 - Led scenario reinvestment analysis, including by identifying potential reinvestment areas for healthcare and education / workforce
 - Responsible for ongoing refinement of Medicaid baseline as new data became available to finalize FOMB perspective and led diligence of Government Fiscal Plan Medicaid baseline submissions
 - Finalized interpretation of Medicaid federal funds – timing, eligibility, and overall impact on surplus

EXHIBIT E

February - April 2018 Invoices

McKinsey&Company

The Financial Oversight and
Management Board for Puerto Rico
PO Box 195556
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant
accountspayable@promesa.gov

Invoice No: USG-GPC018-4956

Consulting Agreement
Client for Strategic Consulting support related to
the Title III Cases
Effective Agreement Date: November 1, 2017

Invoice Date: 3/30/2018

Net 30

FFP Payment Schedule for Commonwealth Services

Invoice PoP: February 1, 2018 – February 28, 2018

Gross invoice amount for services performed outside Puerto Rico:	\$	1,940,000.00
Gross invoice amount for services performed in Puerto Rico:	\$	-
Subtotal	\$	1,940,000.00
Less withholding tax deducted at source	\$	-
Net Invoice Payable:	\$	1,940,000.00

Total Invoice: \$1,940,000.00

Please wire transfer payment to:
McKinsey & Company, Inc.
Citibank N.A.
Bank Account Number: [REDACTED]
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:
McKinsey & Company, Inc.
P.O. Box 7247-7255
Philadelphia, PA 19170-7255

Federal Tax ID#: [REDACTED]

Please reference the invoice number and invoice date on your remittance advice.

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.

McKinsey&Company

The Financial Oversight and
Management Board for Puerto Rico
PO Box 195556
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant
accountspayable@promesa.gov

Invoice No: USG-GPC018-4992

Consulting Agreement
Client for Strategic Consulting support related to
the Title III Cases
Effective Agreement Date: November 1, 2017

Invoice Date: 4/24/2018

Net 30

FFP Payment Schedule for Commonwealth Services

Invoice PoP: March 1, 2018 – March 31, 2018

Gross invoice amount for services performed outside Puerto Rico:	\$	1,649,000.00
Gross invoice amount for services performed in Puerto Rico:	\$	409,859.15
Subtotal	\$	2,058,859.15
Less withholding tax deducted at source	\$	(118,859.15)
Net Invoice Payable:	\$	1,940,000.00

Total Invoice: \$1,940,000.00

Please wire transfer payment to:
McKinsey & Company, Inc.
Citibank N.A.
Bank Account Number: [REDACTED]
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:
McKinsey & Company, Inc.
P.O. Box 7247-7255
Philadelphia, PA 19170-7255

Federal Tax ID#: [REDACTED]

Please reference the invoice number and invoice date on your remittance advice.

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.

McKinsey&Company

The Financial Oversight and
Management Board for Puerto Rico
PO Box 195556
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant
accountspayable@promesa.gov

Invoice No: USG-GPC021-5052

Consulting Agreement
Client for Strategic Consulting support related to
the Title III Cases
Effective Agreement Date: November 1, 2017
Ammendment Date: April 1, 2018

Invoice Date: 5/31/2018

Net 30

FFP Payment Schedule for Commonwealth Services

Invoice PoP: April 1, 2018 – April 30, 2018

Gross invoice amount for services performed outside Puerto Rico:	\$	1,125,200.00
Gross invoice amount for services performed in Puerto Rico:	\$	1,147,605.63
Subtotal	\$	2,272,805.63
Less withholding tax deducted at source	\$	(332,805.63)
Net Invoice Payable:	\$	1,940,000.00

Total Invoice: \$1,940,000.00

Please wire transfer payment to:
McKinsey & Company, Inc.
Citibank N.A.
Bank Account Number: [REDACTED]
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:
McKinsey & Company, Inc.
P.O. Box 7247-7255
Philadelphia, PA 19170-7255

Federal Tax ID#: [REDACTED]

Please reference the invoice number and invoice date on your remittance advice.

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO, *et al.* (Jointly Administered)

Debtors.¹

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**FIFTH MONTHLY FEE STATEMENT OF MCKINSEY & COMPANY, INC.
WASHINGTON D.C. FOR COMPENSATION FOR SERVICES RENDERED FOR THE
PERIOD MAY 1, 2018 THROUGH MAY 31, 2018**

Name of Professional: McKinsey & Company, Inc. Washington D.C.
(“McKinsey Washington”)

Authorized to Provide Services to: The Financial Oversight and Management Board for
Puerto Rico, as Representative of the Debtors
Pursuant to PROMESA Section 315(b)

Period for which compensation
and reimbursement is sought: May 1, 2018 – May 31, 2018

Amount of compensation sought
as actual, reasonable and necessary: **\$1,417,500.00**

Amount of expense reimbursement sought
sought as actual, reasonable and necessary²: **\$0.00**

Type of Fee Statement: Fifth Monthly Fee Statement:
Commonwealth Title III Support³

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² McKinsey Washington provides services on a fixed fee basis, and as such, seeks no reimbursement of expenses.

³ Notice of this Fifth Monthly Fee Statement (as defined herein) has been served in accordance with the Interim Compensation Procedures (as defined herein) and objections to payment of the amounts described in this Monthly Fee Statement shall be addressed in accordance with the Interim Compensation Procedures.

1. Pursuant to the *Interim Compensation Procedures*, first entered by the Court on November 8, 2017 [*First Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 1715] and amended on June 6, 2018 [*Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, Docket Number 3269] (the “Interim Compensation Procedures”), the applicable provisions of the United States Code (the “Bankruptcy Code”), the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), McKinsey & Company, Inc. Washington DC (“McKinsey Washington”), strategic consultants to The Financial Oversight And Management Board For Puerto Rico (the “Debtors” or the “Board”), hereby serves this Fifth Monthly Fee Statement for the allowance of compensation for reasonable and necessary strategic consulting services and support that McKinsey Washington provided during the month of May 2018 (the “Fee Period”) pursuant to the “Commonwealth Title III Support” Scope of Work of the consulting agreement between McKinsey Washington and the Board for consulting services in support of the Title III litigation (Contract dated July 3, 2017, with Amendment No. 1 effective November 1, 2017 and Amendment No. 2 effective April 1, 2018 (the “Consulting Agreement”) and attached hereto as Exhibit A. Pursuant to the Bankruptcy Code, the Bankruptcy Rules the Local Rules, and the Interim Compensation Procedures (Section 11.a.), a Certification of Tyler Duvall, a Partner of McKinsey Washington, regarding compliance with the statutory and legal authority cited above is attached hereto as Exhibit B. Pursuant to the Interim Compensation Procedures (Section 11.b.), a Certification of Natalie Jaresko, Executive Director of the Board, authorizing the submission of this Fifth Monthly Fee Statement, is attached as Exhibit C.

2. By this Fifth Monthly Fee Statement: Commonwealth Title III Support, McKinsey Washington seeks allowance of compensation for services rendered under the Consulting Agreement during the Fee Period in the amount of \$1,275,750 (which equals 90% of the compensation sought herein, in accordance with Section 2.c of the Interim Compensation Procedures).

Summary of Services Rendered During the Fee Period

3. During the Fee Period, McKinsey Washington provided a focused range of professional services as requested by the Board and reflected in the Consulting Agreement Scope of Work for Consulting Agreement Commonwealth Title III Support.⁴
4. Included at Exhibit D is a list of team members who performed services during the Fee Period, along with a detailed description of McKinsey Washington's scope of services, deliverables and team member activities, pursuant to the Commonwealth Title III Support Scope of Work during the Fee Period.
5. Included at Exhibit E is a copy of McKinsey Washington's monthly invoice⁵ for fees incurred during the Fee Period pursuant to the Consulting Agreement in support of the Commonwealth Title III Scope of Work. McKinsey Washington's fees – as agreed-upon in the Consulting Agreement and reflected in the invoices – are based on the usual and customary fees McKinsey Washington charges to clients and are commensurate with the services performed. As reflected in Exhibit E, McKinsey Washington incurred \$1,417,500 in fees during the Fee Period, and now seeks reimbursement for 90% of such fees (\$1,275,750).

⁴ McKinsey Washington is simultaneously serving separate monthly fee statements for services rendered pursuant to the other two (2) Scopes of Work under the Consulting Agreement.

⁵ The invoice included at Exhibit E reflects Puerto Rico withholding tax (29%), which is applicable to payments for services performed in Puerto Rico. In accordance with the terms of the Consulting Agreement, McKinsey Washington has calculated the proportion of fees attributable to work performed in Puerto Rico and determined the applicable tax to be withheld by the client for payment to the Puerto Rico tax authorities. The net amount reflected on the invoice to be collected by McKinsey Washington is consistent with the terms of the Consulting Agreement.

6. The efforts expended by McKinsey Washington during the Fee Period have been commensurate with the size and complexity of these cases. In rendering these services, McKinsey Washington has made every effort to maximize the benefit to the Debtors, to work efficiently with the other professionals employed in these cases, and to leverage staff appropriately in order to minimize duplication of effort.
7. McKinsey Washington respectfully submits that the amounts applied for herein for professional services rendered on behalf of the Board in these cases to date are fair and reasonable given: (a) the time expended; (b) the nature and extent of the services performed at the time at which such services were rendered; and (c) the value of such services.

Representations

8. While every effort has been made to include all fees incurred by McKinsey Washington during the Fee Period, some fees may not be included in this Fifth Monthly Fee Statement: Commonwealth Title III Support due to certain unavoidable delays caused by accounting and processing during the Fee Period. McKinsey Washington reserves the right to make further application(s) for allowance of such fees not included herein. Subsequent fee statements and applications will be filed in accordance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Interim Compensation Procedures.

Notice

9. Notice of this Fifth Monthly Fee Statement: Commonwealth Title III Support has been or will be provided by overnight delivery or e-mail to:

- i. attorneys for the Oversight Board, Proskauer Rose LLP, Eleven Times Square, New York, NY 10036, Attn: Martin J. Bienenstock, Esq. (mbienenstock@proskauer.com) and Ehud Barak, Esq. (ebarak@proskauer.com), and Proskauer Rose LLP, 70 West Madison Street, Chicago, IL 60602, Attn: Paul V. Possinger, Esq. (ppossinger@proskauer.com);
- ii. attorneys for the Oversight Board, O'Neill & Borges LLC, 250 Muñoz Rivera Ave., Suite 800, San Juan, PR 00918, Attn: Hermann D. Bauer, Esq. (hermann.bauer@oneillborges.com);
- iii. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, O'Melveny & Myers LLP, Times Square Tower, 7 Times Square, New York, NY 10036, Attn: John J. Rapisardi, Esq. (jrapisardi@omm.com), Suzanne Uhland, Esq. (suhland@omm.com), and Diana M. Perez, Esq. (dperez@omm.com);
- iv. attorneys for the Puerto Rico Fiscal Agency and Financial Advisory Authority, Marini Pietrantonio Muñoz LLC, MCS Plaza, Suite 500, 255 Ponce de León Ave, San Juan, PR 00917, Attn: Luis C. Marini-Biaggi, Esq. (lmardini@mpmlawpr.com) and Carolina Velaz-Rivero Esq. (cvelaz@mpmlawpr.com);
- v. the Office of the United States Trustee for the District of Puerto Rico, Edificio Ochoa, 500 Tanca Street, Suite 301, San Juan, PR 00901 (re: In re: Commonwealth of Puerto Rico);
- vi. attorneys for the Official Committee of Unsecured Creditors, Paul Hastings LLP, 200 Park Ave., New York, NY 10166, Attn: Luc. A Despins, Esq. (lucdespins@paulhastings.com);
- vii. attorneys for the Official Committee of Unsecured Creditors, Casillas, Santiago & Torres LLC, El Caribe Office Building, 53 Palmeras Street, Ste. 1601, San Juan, PR 00901, Attn: Juan J. Casillas Ayala, Esq. (jcasillas@cstlawpr.com) and Alberto J.E. Añeses Negrón, Esq. (aaneses@cstlawpr.com);
- viii. attorneys for the Official Committee of Retired Employees, Jenner & Block LLP, 919 Third Ave., New York, NY 10022, Attn: Robert Gordon, Esq. (rgordon@jenner.com) and Richard Levin, Esq. (rlevin@jenner.com), and Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654, Attn:

Catherine Steege, Esq. (csteege@jenner.com) and Melissa Root, Esq. (mroot@jenner.com);

- ix. attorneys for the Official Committee of Retired Employees, Bennazar, García & Milián, C.S.P., Edificio Union Plaza, PH-A, 416 Ave. Ponce de León, Hato Rey, PR 00918, Attn: A.J. Bennazar-Zequiera, Esq. (ajb@bennazar.org);
- x. the Puerto Rico Department of Treasury, PO Box 9024140, San Juan, PR 00902-4140, Attn: Reylam Guerra Goderich, Deputy Assistant of Central Accounting (Reylam.Guerra@hacienda.pr.gov); Omar E. Rodríguez Pérez, CPA, Assistant Secretary of Central Accounting (Rodriguez.Omar@hacienda.pr.gov); Angel L. Pantoja Rodríguez, Deputy Assistant Secretary of Internal Revenue and Tax Policy (angel.pantoja@hacienda.pr.gov); Francisco Parés Alicea, Assistant Secretary of Internal Revenue and Tax Policy (francisco.pares@hacienda.pr.gov); and Francisco Peña Montañez, CPA, Assistant Secretary of the Treasury (Francisco.Pena@hacienda.pr.gov);
- xi. attorneys for the Fee Examiner, EDGE Legal Strategies, PSC, 252 Ponce de León Avenue, Citibank Tower, 12th Floor, San Juan, PR 00918, Attn: Eyck O. Lugo (elugo@edgelegalpr.com); and
- xii. attorneys for the Fee Examiner, Godfrey & Kahn, S.C., One East Main Street, Suite 500, Madison, WI 53703, Attn: Katherine Stadler (KStadler@gklaw.com).

WHEREFORE, McKinsey Washington respectfully requests payment by the Debtors of \$1,275,750 representing 90% of its fees incurred during the Fee Period and requested herein.

Dated: July 16, 2018 McKinsey & Company, Inc. Washington DC
Washington DC

s/Tyler Duvall
Tyler Duvall
Partner
McKinsey & Company, Inc. Washington DC
1200 19th St NW #1000
Washington, DC 20036
Telephone: (202) 662-3100
Email: Tyler_Duvall@Mckinsey.com

Strategic Consultant to the Debtors

EXHIBIT A

*Consulting Services Agreement
Between McKinsey Washington and the Board
In Support of the Title III Litigation
(entered in on or about and July 3, 2017, Amendment No. 1 effective
November 1, 2017, Amendment No. 2 effective April 1, 2018
(the “Consulting Agreement”)
Statement of Work for Commonwealth Title III Support*

PROPRIETARY and CONFIDENTIAL

CONSULTING AGREEMENT

McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") hereby enter into the following terms effective July 3, 2017 in connection with consulting services that McKinsey provides to Client for Strategic Consulting support related to the Title III Litigation(the "Services").

1. **SERVICES.** The working arrangements, including scope of the Services and Deliverables (as defined below) will be described in each mutually-executed Scope of Work, attached hereto as individual Attachments and incorporated herein, and cannot be materially amended without mutual agreement of the Parties. In order to be able to complete the Services within the agreed timeframe and budget and to fulfill its responsibilities on a timely basis, McKinsey will rely on the Client's timely cooperation, including the Client and the Government of Puerto Rico's making available relevant data, information and personnel, performing any tasks or responsibilities assigned to the Client or the Government of Puerto Rico and notifying McKinsey of any issues or concerns the Client may have relating to the Services. The Client is solely responsible for ensuring that the Government of Puerto Rico cooperates with responding to requests for purposes of the Services. The parties will meet at mutually agreed times to discuss the progress of the Services and to exchange feedback. During the course of the Services, priorities may shift or unexpected events may occur which may necessitate changes to the Services. In this event, the parties will jointly discuss the anticipated impact on the Services and agree on any appropriate adjustments, including to the scope of work, timeframe and budget.

2. **COMPENSATION.** The Client shall compensate McKinsey on a Firm Fixed Price basis in connection with the Services, as set forth in the Attachments. Any payments made by the Board to McKinsey hereunder are expressed net of any deductions or withholdings that may be applicable in respect of taxes, duties or levies and the Client will pay those amounts to McKinsey, in cleared funds. The parties agree that McKinsey is solely responsible for any applicable withholding and payment of taxes with respect to McKinsey Personnel as required by law. Neither party undertakes, pursuant to his Agreement or otherwise, to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Consistent with the public purpose of the Client's mandate, this Agreement will be made publicly available subject to Section 5 below. McKinsey will invoice the Client for Deliverables in connection with the Services monthly or as otherwise set forth in the applicable Proposal. Except for Services provided under retainer, all invoices are to be paid in accordance with the court order setting procedures for interim compensation and reimbursement of professionals.

3. **CONFIDENTIALITY.** Subject to applicable public disclosure laws and the disclosure procedures established by Client that do not otherwise conflict with terms in this agreement, each Party agrees to keep confidential any confidential information furnished by either Party in connection with the Services ("Confidential Information"); provided, however, that the Client may disclose Confidential Information from McKinsey as necessary or desirable to carry out its statutory duties. The Client agrees to provide McKinsey prior notice of its intent to disclose Confidential Information from McKinsey. Without the Client's explicit consent, McKinsey will disclose Confidential Information only to its employees, agents and contractors who have a need to know and are bound to keep it confidential and will use Confidential Information only for purposes of performing the Services. Confidential Information shall be all information other than information that is (i) or becomes publicly available other than as a result of a breach of this agreement, (ii) already known to the Receiving Party, (iii) independently acquired or developed by the Receiving Party without violating any of its obligations under this agreement, or (iv) is legally required to be disclosed. All documents supplied by the Receiving Party Client in connection with the services hereunder will, upon written request, be returned by the Receiving Party to the Disclosing Party or destroyed, provided that the Receiving Party may retain a copy for archival purposes. In performing the Services, McKinsey will use and rely primarily on the Confidential Information and on information available from public sources without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information and Section 5 herein.

4. **INTELLECTUAL PROPERTY.** Upon payment in full of McKinsey's Fees associated with the relevant Services, the Client will own all reports, financial models and other deliverables prepared for and furnished to the Client by McKinsey in connection with the Services (the "Deliverables"), save that McKinsey retains ownership of all concepts, know-how, tools, frameworks, models, and industry perspectives developed or enhanced outside of or in connection with the Services (the "McKinsey Tools"), it being understood that none of the McKinsey Tools will contain the Client's

Confidential Information. To the extent the Deliverables include any McKinsey Tools, McKinsey hereby grants the Client a non-exclusive, non-transferable, non-sublicenseable, worldwide, royalty-free license to use and copy the McKinsey Tools solely as part of the Deliverables and subject to the limitations herein on disclosure of McKinsey materials and publicity.

5. DISCLOSURE OF MCKINSEY MATERIALS; PUBLICITY. McKinsey's work for the Client is confidential and for the Client's internal use only; provided, however, the Client may disclose such work to the extent such disclosure is necessary or desirable to carrying out the Client's statutory duties. The Client agrees that it will not disclose McKinsey's name in relation to any disclosure of work hereunder without McKinsey's consent. McKinsey will not disclose the Deliverables to any third parties (including any non-voting Board members) without the Client's prior written permission. McKinsey further agrees not to use the Client's name in any communication with any third party without the other party's prior written permission, including in press releases or other public announcements. If the Client receives a public records request for Deliverables or other documents containing McKinsey information, the Client will allow McKinsey the ability to review the documents prior to disclosure to advise if the documents contain information subject to an exception or exemption to the relevant public records law.

6. SERVING COMPETITORS. It is McKinsey's long-standing policy to serve competing clients and clients with potentially conflicting interests as well as counter-parties in merger, acquisition and alliance opportunities, and to do so without compromising McKinsey's professional responsibility to maintain the confidentiality of client information. Consistent with such practice and McKinsey's confidentiality obligations to its other clients, McKinsey is not able to advise or consult with the Client about McKinsey's serving the Client's competitors or other parties. To avoid situations of potential conflict, McKinsey will not, for a period of one year following an engagement for the Client, assign any consultant who receives Confidential Information in connection with such engagement to a competitively sensitive project, including a directly-conflicting engagement with the Government of Puerto Rico. Notwithstanding the foregoing, the Client understands and agrees that so long as McKinsey has appropriate procedures in place to mitigate any potential conflict, it may serve the Government of Puerto Rico on related matters.

7. INDEMNIFICATION.

(a) Deliverables produced hereunder are not intended as a substitute for financial, investment, legal, accounting or other professional advice, and McKinsey does not intend to supplant the Client or the Government of Puerto Rico's management or other decision-making bodies.

(b) The Client and the Government of Puerto Rico remain solely responsible for its decisions, actions, use of the Deliverables and compliance with applicable laws, rules and regulations. McKinsey agrees to indemnify and hold the Client harmless from and against all loss, liability, damage, cost, or expense (including reasonable attorney fees) ("Losses") to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(c) The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) relating to the Services (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services), except to the extent those Losses are determined by a final, non-appealable order or arbitral award to have resulted from McKinsey's gross negligence or willful misconduct in the performance of the Services.

(d) The Client further indemnifies McKinsey, including any member, officer or employee thereof including but not limited to the Revitalization Coordination role, in any instance where it is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with such action, suit or proceeding, unless it acted with bad faith or engaged in intentional misconduct and, with respect to any criminal action or proceeding, unless it knew or should have known the conduct was unlawful. The termination of any act, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that McKinsey (or any of its members, officers or employees) did not satisfy these standards.

Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages. In no event shall McKinsey's liability to the Client in connection with the Services relating to an engagement for the Client exceed the amount paid to McKinsey by the Client in connection with such engagement.

8. AUTHORITY OF THE BOARD. The Client represents and warrants it has the authority to enter into this Agreement for the Services. In the event that it is determined that the Client did not have authority to authorize all or part of this agreement, McKinsey may make the sole determination as to whether to terminate the Agreement according to Section 10 herein, or continue with those parts of the Services for which the Client does have authority. The Client agrees to indemnify and hold McKinsey harmless from any Losses (including the costs of McKinsey's professional time) resulting from a breach of this Section 8 and/or a misrepresentation by the Client of authority to act (including any Losses asserted by the Client, its agents or representatives, or third parties and any Losses sustained by McKinsey when participating in any legal, regulatory, or administrative proceeding relating to the Services).

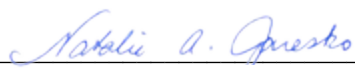
9. CONFLICTS OF INTEREST. The Client agrees that performance of Services hereunder shall not conflict McKinsey from serving the Government of Puerto Rico or any stakeholders to the work, subject to the restrictions in Section 6 – "Serving Competitors."

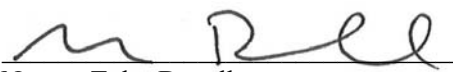
10. TERM AND TERMINATION. This agreement takes effect on the date the Services commenced and shall continue until terminated in accordance with its terms. Either party may terminate the Services at any time effective upon 30 days written notice to the other. In the event of any termination, the Client will pay McKinsey for the work completed up to the effective date of termination.

11. MISCELLANEOUS. This agreement and the Proposals constitute the entire agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This agreement and the Proposals shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law principles and shall inure to the benefit of and be binding on the successors and assigns of the Client and McKinsey. The following Sections shall survive the completion or any termination of the Services: 3 (Confidentiality), 4 (Intellectual Property), 5 (Disclosure of McKinsey Materials; Publicity), 6 (Serving Competitors), 7 (Indemnification), 8 (Term and Termination) and 9 (Miscellaneous) and any other provision which by law or by its nature should survive. Neither party may assign its rights or obligations under this agreement to any person or entity without the written consent of the other party, not to be unreasonably withheld, provided, however, that either party may assign its rights and obligations under this agreement to its affiliates upon reasonable written notice to the other party but without the written consent of the other party. Assignment shall not relieve either party of its obligations hereunder. McKinsey is an independent contractor and not the Client's agent or fiduciary. Notwithstanding any course of dealings of the parties at any time or any statement to the contrary contained therein, no purchase order, invoice or other similar document issued by a party shall be construed to modify the terms of this agreement. Rights and remedies provided in this agreement are cumulative and not exclusive of any right or remedy provided at law or in equity.

The Financial Oversight and Management Board for Puerto Rico
(Client)

McKinsey & Company, Inc., Washington D.C.


Name: Natalie A. Jaresko
Title: Executive Director
Date: Sept. 12, 2017


Name: Tyler Duvall
Title: Partner
Date: September 8, 2017

ATTACHMENT 1
Scope of Work
For
Commonwealth Title III Support

Services:

In regards to support for the Commonwealth Title III proceedings to the Board to include:

Activities:

- Participation in and coordination of cross advisor meetings (Board, Commonwealth and/or Stakeholders) regarding Title III related matters
- Preparation of materials necessary for supporting Fiscal Plan litigation, which could include:
 - Assemble fact base regarding process for creation, stress testing and certification of the fiscal plan
 - Assemble fact base regarding additional analyses created for the FOMB with respect to evaluating/stress testing the FY18 fiscal plan
 - Collect and summarize key input sources and supporting analysis for key fiscal plan assumptions
 - Assemble fact base regarding process and supporting analysis used to identify and evaluate key measures proposed and finally included in the fiscal plan
 - Prepare and/or evaluate alternative fiscal plan scenario analyses in support of requested alternative contexts
 - Prepare analyses in support of litigation activities
- As needed, ad-hoc analyses and/or responses to questions regarding litigation or potential litigation relating to the Fiscal Plan or other Commonwealth Title III matters
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverable:

- Monthly report regarding liquidity performance and strategic choices on liquidity related to Title III proceedings and/or ad hoc analysis performed within that month.

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Commonwealth Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for PREPA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to PREPA, McKinsey will support the Board in the following ways:

1. Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for PREPA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the PREPA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead PREPA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with PREPA, AAFAF and its experts and advisors
- Develop transformation plan for PREPA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Detailed action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required (e.g. updated IRP for PREPA)
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board PREPA subcommittee to provide updates and take guidance on PREPA transformation and Title III
- Monitor implementation of all aspects of the PREPA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

- Conduct limited market engagement as necessary to identify potential privatization options for PREPA
- Lead development of an integrated resource plan for PREPA to support the Transformation Plan in coordination with PREC and PREPA
- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$740,000 per month and will continue so long as the Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

ATTACHMENT 2
Scope of Work
for
Title III Support for HTA

Services:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA

Activities:

The core activities include working directly with the Board, the Executive Director and Board Staff in the following areas (as well as ad hoc and as needed support):

- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III which includes but is not limited to:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance
- Support litigation related to the HTA proceedings, which has commenced

- As applicable to McKinsey's Services regarding FOMB fiscal plans and work relative to the Commonwealth and its instrumentalities, it is the expectation of McKinsey and the Board that as part of the Services McKinsey shall:
 - Provide expert testimony (at most 2 per quarter)
 - Participate in and/or assist the Board with mediation sessions and Board meetings or conferences, which may include presentations
 - Provide support at related stakeholder interactions, which may include presentations

Deliverables:

A monthly report describing progress against transformation objectives, as well as specific supporting analyses, including:

- Detailed action plans, including e.g. structural solutions, governance, likely economic impacts and operational stabilization
- Synopsis of market perspectives related to different potential options
- Integrated resource plan

Support Structure and Cost:

- The cost for this work will be \$720,000 per month and will continue so long as the HTA Title III process continues or the Board no longer believes the support is necessary.
- If additional deliverables are required by McKinsey beyond this core support, this contract will be amended to reflect any required support.

Payment Schedule

McKinsey will submit a Monthly Fee Statement for the deliverables provided on or before the 25th day of each calendar month.

**FIRST AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC AND
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS FIRST AMENDMENT to the Consulting Agreement (the "First Amendment") effective date of November 1, 2017 is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, following Hurricanes Maria and Irma, the Parties wish to expand the scope of services under the Consulting Agreement to support the Board's in connection with the required re-construction of the fiscal plan post-Hurricane; and

WHEREAS, the Parties now desire to amend the Consulting Agreement to reflect the new understanding between the Parties as set forth below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.

"Attachment 1 Scope of Work for Commonwealth Title III Support" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and "Attachment 3 Scope of Work for Title III Support for HTA" of the Consulting Agreement is hereby replaced in its entirety with the "Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Attachment 2 Scope of Work for Title III Support for PREPA" of the Consulting Agreement shall remain unchanged. If additional activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This First Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this First Amendment. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this First Amendment, all other terms of the Consulting Agreement shall remain in full force and effect, unaltered and unchanged by this First Amendment.

IN WITNESS WHEREOF, the parties have executed this First Amendment, effective as of the date indicated above.


**The Financial Oversight and Management Board
For Puerto Rico**


Name: Natalie A. Jaresko

Title: Executive Director

Date:

McKinsey & Company, Inc., Washington D.C.


Name: Tyler Duval

Title: Principal

Date: March 8, 2018

AMENDED ATTACHMENT 1
Scope of Work For Commonwealth Title III Support

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

Support for the Commonwealth Title III proceedings to the Board to include the following:

I. Measure:

- Revising fiscal measures contained in the March 13th Certified Fiscal Plan to reflect both magnitude of impact and feasibility of implementation post-hurricanes
- Developing new and augmented measures (e.g., agency-specific right-sizing measures) to achieve structural balance in post-hurricanes fiscal projections, including savings attributable to workflow reduction and demographic shifts
- Liaising with Government to incorporate updated data (e.g., healthcare population assumptions) and other inputs relevant to fiscal reform revisions
- Providing perspective on implementation planning and necessary support required for high-priority measures
- Coordinating weekly problem solving with FOMB staff, FOMB leadership and Board members, as needed
- Preparing documents and other support for listening session dedicated to measures redevelopment
- Providing Independent Board perspective of potential revised fiscal reforms, including measure-specific targets and initiatives to capture fiscal value
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for sizing of specific levers

II. Baseline and Macro:

- Reviewing full certified March 13th Fiscal Plan revenue and expenditure build (business-as-usual baseline) to identify major areas of impact post-Hurricane (e.g., based on population changes / movements, infrastructure impacted, etc.)
- Working with Board demographers and macroeconomists to triangulate major macroeconomic, rev/exp build assumptions across top-down and bottom-up data sources (incl., reports, real-time data, expert interviews) to identify new figures to represent major factors / assumptions
- Ensuring any new assumptions are incorporated within the comprehensive fiscal model
- Preparing documents and other support for listening session dedicated to macroeconomic, rev/exp build assumptions
- Providing Independent Board perspective on updated fiscal plan baseline in post-Maria context
- Preparing presentations and documents for public listening sessions, creditor sessions and other stakeholder engagement on fiscal measures
- Providing support models and documentation for new baseline

III. Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meetings
- Continue development and refinement overall fiscal plan model working with Board staff, the Board and the Government
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan

- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Ad-hoc analyses and/or responses to questions regarding litigation and potential litigation related to Fiscal Plan and CW Title III
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony.

FEEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
November 2017	\$2,220,000
December 2017	\$1,650,000*
January 2018	\$1,940,000
February 2018	\$1,940,000
March 2018	\$1,940,000

* McKinsey's monthly fixed fee for December 2017 has been prorated to reflect a shorter working month in light of the holidays and office closure.

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

AMENDED ATTACHMENT 3
Scope of Work For Title III Support for HTA

PERIOD OF PERFORMANCE:

November 1, 2017 – March 31, 2018

SCOPE:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational stabilization plans focused on near and immediate term actions to maintain sustainable operations and launch capex programs with specific implementation plans, resourcing and costing supporting their delivery
 - Debt restructuring terms and plans, agreed with creditors to the extent possible
 - Detailed privatization/corporatization plans supported by financial models and market engagement
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Stakeholder management plans and demonstrable success in engaging key stakeholders such as regulators
 - Macro-resource planning when required
 - Clear assessments of economic and social impacts on the people of Puerto Rico
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure, implementation plans, contract assumption and rejection
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
October 2017	\$0*
November 2017	\$300,000**

December 2017	\$300,000**
January 2018	\$425,000
February 2018	\$425,000
March 2018	\$425,000

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

*Due to the slow ramp up of work related to HTA post-Hurricane, McKinsey did not perform significant HTA-related work in October (under Attachment 3 Scope of Work for Title III Support for HTA of the Consulting Agreement) and has agreed to invoice \$0 for that month.

** For November and December, McKinsey performed two (2) weeks of work per month, and has agreed to invoice \$300,000 for each month (based on McKinsey's standard \$150,000/week team bundle rate).



**SECOND AMENDMENT TO CONSULTING AGREEMENT
BETWEEN MCKINSEY & COMPANY, INC. WASHINGTON DC
AND THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO
FOR STRATEGIC CONSULTING SUPPORT RE COMMONWEALTH TITLE III SUPPORT**

THIS SECOND AMENDMENT to the Consulting Agreement (the "Second Amendment") effective date of April 1, 2018, is entered into by and between McKinsey & Company, Inc. Washington D.C. ("McKinsey") and The Financial Oversight and Management Board for Puerto Rico (the "Board" or the "Client") (together, the "Parties").

WHEREAS, on or about July 3, 2017, McKinsey and the Board entered into a Consulting Agreement (the "Consulting Agreement") for strategic consulting support related to Commonwealth Title III Support (the "Services"); and

WHEREAS, effective November 1, 2017, the Parties amended the Consulting Agreement to expand the scope of services to support the Board in connection with the required re-construction of the fiscal plan post-Hurricane (the "First Amendment"); and

WHEREAS, the Parties now desire to make additional amendments the Consulting Agreement to extend its duration and make modifications to the scope of services, as set forth below; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. SERVICES.


For both "Commonwealth Title III Support" and "Title III Support for HTA", the period of performance shall be extended through June 30, 2019. For this period of performance, the scope of services for "Commonwealth Title III Support" is reflected in the "Second Amended Attachment 1 Scope of Work for Commonwealth Title III Support", attached hereto; and the scope of services for "Title III Support for HTA" is reflected in the "Second Amended Attachment 3 Scope of Work for Title III Support for HTA", attached hereto. For the avoidance of confusion, "Title III Support for PREPA", as memorialized in the Consulting Agreement, shall remain unchanged. If additional services, activities and/or deliverables are required outside of those described herein, the Parties will negotiate a further amendment to reflect that support.

11. MISCELLANEOUS.

This Second Amendment, when executed by the Parties, shall be effective as of the date stated above. All understandings and agreements heretofore had between McKinsey and the Board with respect to the Services are merged into, or superseded by, this Second Amendment. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Except as amended and/or modified by this Second Amendment, all other terms of the Consulting Agreement and First Amendment shall remain in full force and effect, unaltered and unchanged by this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment, effective as of the date indicated above.

**The Financial Oversight and Management Board
For Puerto Rico**



Name: Natalie A. Jaresko

Title: Executive Director

McKinsey & Company, Inc., Washington D.C.



Name: Tyler Duvall

Title: Partner

SECOND AMENDED ATTACHMENT 3
Scope of Work for Title III Support for HTA

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Title III Support for HTA.

From **May 2018 – June 2019**, the scope of work shall be as follows:

In regards to work specifically supporting the Title III proceedings for the Board with relation to HTA, McKinsey will support the Board in the following ways:

- Coordinate and provide analysis related to development of the transformation plan and plan of arrangement for HTA
- Establishment of the HTA working group for Title III, including working group protocol, governance, cadence, targets and coordination
- Lead HTA working group for Title III, including leading meetings, developing core materials, workplans, agendas and coordination with HTA, AAFAF and its experts and advisors
- Develop transformation plan for HTA for Title III to include:
 - Operational efficiency measures focused on near and immediate term actions to maintain sustainable operations
 - Capex program priorities and efficiency measures
 - Opportunities to increase revenues
 - Action plans to implement all measures identified in the Fiscal Plans with additional measures to achieve Board targets
 - Governance and management plans that will enable delivery of actions
 - Clear timelines for delivery of the plan
- Coordinate development of and approval by the Board of other submissions related to the Title III proceedings, including Plans of Arrangements, financial disclosure and implementation plans
- Work with Board management and Board HTA subcommittee to provide updates and take guidance on HTA transformation and Title III
- Monitor implementation of all aspects of the HTA transformation plans and Title III plans
- Escalating deviations from plans and defining solutions for compliance

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$425,000
May 2018 – June 2019	\$310,000/month

McKinsey will submit invoices monthly, on or before the 25th day of each calendar month following the month during which the services were performed.

SECOND AMENDED ATTACHMENT 1
Scope of Work for Commonwealth Title III Support

PERIOD OF PERFORMANCE AND SCOPE:

For **April 2018**, the scope of work shall be as described in the November 2017 Amended Attachment 1 Scope of Work for Commonwealth Title III Support.

From **May 2018 – June 2019**, the scope of work shall be as follows:

Support for the Commonwealth Title III proceedings to the Board to include the following:

Advisor, Stakeholder, Litigation Support and Fiscal Plan Model:

- Prepare content, participate in, coordinate and lead cross advisor meetings and support stakeholder interactions
- Prepare content, participate in and advise the FOMB with respect to mediation sessions and Board meeting
- Prepare content and analyses and work alongside FOMB, government and stakeholders advisors with regards to development of Plan(s) of Adjustment
- Lead preparation of “best interests” analysis in coordination with other FOMB advisors
- Lead any further development, refinement or updates to fiscal plan and/or models working with Board staff, the Board and the Government
- Lead coordination with government advisors and government representatives on development, review and FOMB certification of any revised/new fiscal plan(s) and/or supporting materials
- Perform scenario analyses as requested by FOMB to assess impact of Hurricane Irma/Maria to Fiscal Plan
- Prepare analyses, support FOMB counsel and lead coordination of information diligence related to potential litigation involving the certified Fiscal Plan and/or other CW Title III matters
- Where required, provide expert testimony on the Fiscal Plan (2 per quarter) as well as analytical support for such expert testimony. If additional expert testimony is required, the Parties will negotiate additional fees.

FEES AND INVOICING:

McKinsey will be compensated on a firm fixed price basis, and will submit invoices monthly for services provided during that month, as set forth in the payment schedule below:

Period of Performance	Fee
April 2018	\$1,940,000
May 2018 – June 2019	\$1,417,500/month

McKinsey will submit invoices (Monthly Fee Statement) on a monthly basis, on or before the 25th day of each calendar month following the month during which the services were performed.

EXHIBIT B

Certification of McKinsey Washington Partner Tyler Duvall

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

-----X

In re:

PROMESA

Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO, *et al.* (Jointly Administered)

Debtors.

-----X

CERTIFICATION OF TYLER DUVALL

I, Tyler Duvall, hereby declare the following under penalty of perjury:

1. I am one of the McKinsey Washington Partners providing consulting services related to the above-captioned Title III case;
2. I have personally performed many of the professional services rendered by McKinsey Washington as strategic consultant to the Debtors and am familiar with all other work performed on behalf of the Debtors by the Partners, Associates, and other persons in the Firm;
3. The facts set forth in the foregoing Fifth Monthly Fee Statement: Commonwealth Title III Support are true and correct to the best of my knowledge, information, and belief;
4. I have reviewed the Interim Compensation Procedures and believe that McKinsey Washington's Fifth Monthly Fee Statement: Commonwealth Title III Support complies therewith; and
5. In accordance with Section 11.a. of the Interim Compensation Procedures, I hereby certify as follows:
 - i. No public servant of the Department of Treasury is a party to or has any interest in the gains or benefits derived from the Consulting Agreement (the contract) that is the basis of this invoice;
 - ii. The only consideration for providing services under the Consulting Agreement (the contract) is the payment agreed upon with the authorized representatives of the Debtor;
 - iii. The amounts of these invoice are reasonable;

- iv. The services were rendered and the corresponding payment has not been made; and
- v. To the best of my knowledge, McKinsey Washington does not have any debts owed to the Government of Puerto Rico or its instrumentalities.

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 16, 2018
Washington, DC

s/Tyler Duvall

Tyler Duvall
Partner
McKinsey & Company, Inc. Washington DC

EXHIBIT C

Certification of FOMB Executive Director Natalie Jaresko

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

-----X

In re:	PROMESA Title III
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,	
as representative of	No. 17 BK 3283-LTS
THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i>	(Jointly Administered)
Debtors.	

-----X


**CERTIFICATION OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR
PUERTO RICO AUTHORIZING SUBMISSION OF MCKINSEY WASHINGTON
MONTHLY FEE STATEMENTS**

In accordance with the *Second Amended Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [Docket Number 3269, June 6, 2018] (“Interim Compensation Procedures”), I hereby certify as follows:

1. I am the Executive Director of The Financial Oversight And Management Board For Puerto Rico (“FOMB”);
2. On or about July 3, 2017, on my authorization, FOMB entered into a consulting agreement with McKinsey Washington for consulting services in support of the Title III litigation, which was first amended effective November 1, 2017, and amended again effective April 1, 2018 (the “Consulting Agreement”);
3. McKinsey Washington has satisfactorily performed and fulfilled its obligations under the Consulting Agreement for the services McKinsey provided in February, March and April 2018 under each of the three (3) workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA”; now, therefore,
4. Pursuant to Section 11.b. of the Interim Compensation Procedures, McKinsey Washington is hereby authorized to submit its Consolidated Third Monthly Fee Statements for the allowance of compensation for reasonable and necessary strategic consulting services and support provided during the month of May 2018, pursuant to each of the three (3)

workstreams of the Consulting Agreement, namely “Commonwealth Title III Support”, “Title III Support for PREPA”, and “Title III Support for HTA.”

Dated: July 12, 2018



Natalie Jaresko
Executive Director
The Financial Oversight and Management Board
For Puerto Rico

EXHIBIT D

Title III Support for Commonwealth

May 2018

Summary of Work

The scope of services and deliverables related to Commonwealth Title III during May 2018 involved updating the Commonwealth Fiscal Plan to reflect new policy realities based on the Government's decisions related to labor reform. It involved supporting the negotiation of a new accommodation between the Government of Puerto Rico and the Board to amend the Commonwealth Fiscal Plan (to include repeal of Law 80 and investments to advance reform and reduce implementation risk), and then updating the Commonwealth Fiscal Plan and financial model for a new certification at the end of the month (on May 30th). The core activities included working directly with the Board, the Executive Director, and Board Staff in the following areas (and providing ad hoc support as needed):

McKinsey Washington's Commonwealth Title III Team Detailed Activities by Deliverable:

- Fiscal plan update incorporating technical updates and changes arising from accommodation reached with the Government
 - Led strategy sessions with Board members, advisors, and staff to understand potential changes needed in the Fiscal Plan based on Governor's proposals
 - Conceptualized and modeled new financial scenarios to help the Board determine the revised accommodation with the Government of Puerto Rico
 - Reviewed and suggested potential economic development investments as part of the accommodation process
 - Edited Fiscal Plan word document to integrate new details surrounding the Government accommodation
 - Investigated impact of new Federal funding announcements revealed following the April 19th certification for inclusion in the end-of-May Fiscal Plan update
 - Researched and refined technical adjustments as part of the Fiscal Plan update process
 - Provided long-term macroeconomic, baseline, measures and structural reform assumptions for long-term financial projections and in support of the Debt Sustainability Analysis
- Organization of May 15th creditor mediation session and development of supporting materials
 - Developed Board presentations, talking points, fact packs, and "FAQ" documents on the Fiscal Plan in order to support certification and explanation of plan to various stakeholder groups

- Prepared for and presented at mediation session between the Board and creditor groups on May 15th and May 16th
- Ad hoc financial analysis and support regarding development of the updated Fiscal Plan model and FY19 budget
 - Updated, maintained, and conducted ongoing quality assurance of inputs to macroeconomic models forecasting the future course of the economy of Puerto Rico
 - Supported translation of Fiscal Plan into FY19 budget
 - Developed initial draft of best interest test based on fiscal plan certified April 19, 2018

McKinsey Washington's Commonwealth Title III Team Detail and Contributions

- Bertil Chappuis (Senior Partner)
 - Provided overall guidance across all McKinsey efforts and managed overall relationships with Board, Board staff and other advisors to ensure efficient and effective execution of work
 - Participated in weekly Executive Board and Subcommittee calls to review progress and advise on key decisions
 - Reviewed and provided feedback on all interim and final documents including materials prepared for creditor mediation sessions and Board strategy session on May 17
 - Attended creditor mediation sessions on May 15 and May 16
 - Attended Board strategy meeting on May 17
- Kevin Carmody (Senior Partner)
 - Participated in creditor mediation session materials preparation and review
 - Participated in advisor coordination meetings regarding creditor meeting content development and preparation
 - Provided oversight and helped development of best interest analysis
- Thomas Dorman (Senior Partner)
 - Participated in working sessions with team regarding preparing for creditor mediation session
 - Participated in select Board and FOMB sessions discussing next steps post fiscal plan certification
- Tyler Duvall (Partner)
 - Led overall efforts across all topic areas and worked daily with each of the on the different Title III “on the ground” teams
 - Reviewed key documentation for Board / Executive Director interactions, as well as for external stakeholders (e.g., public board meetings, listening sessions, creditor sessions)

- Served as primary leadership contact for all McKinsey Title III teams for Board, Executive Director & staff
- Problem solved with team regularly
- Worked to help integrate Commonwealth and instrumentalities to ensure consistency of measures and structural reforms (where relevant)
- Helped lead Board sessions and led overall McKinsey team with respect to mediation sessions
- Jonathan Davis (Partner)
 - Provided overall guidance and quality control on Board materials and briefing documents related to the Commonwealth fiscal plan
 - Prepared and reviewed materials for creditor interactions with particular focus on macro and revenue questions
 - Presented materials at creditor mediation session in New York and answered questions
 - Provided and facilitated expert insight on a broad range of fiscal plan topics, e.g., revenue collections, private insurance spend, ease of doing business, etc.
 - Provided input and advice on fiscal plan topics in Executive Director and Board briefings
- Ojas Shah (Partner)
 - Led overall work with regards to fiscal plan model refinement
 - Participate in creditor mediation session materials preparation and review
 - Participate in advisor coordination meetings regarding creditor meeting content development and preparation
 - Participate in FY19 budget process discussion with FOMB and AAFAF representatives and advisors
 - Lead analysis definition and oversight of best interests analysis development
 - Participated in FOMB and Executive Director calls to provide updates regarding Title III and Commonwealth Fiscal Plan related matters and analyses
- Todd Wintner (Associate Partner)
 - Provided expert guidance to FOMB on mapping of fiscal plan expenditures to budget files, particularly for areas of education, health care and personnel
 - Provided expert guidance and supported FOMB in preparation of mediation materials related to ongoing Title III negotiations as related to impact of fiscal and structural measures
 - Provided expert guidance on and attended both internal FOMB and external government meetings to discuss adjustments and update to new certified fiscal plan
- Sara O'Rourke (Engagement Manager)

- Managed working team across all topic areas, and drove progress on the ground (scoping work, determining workplan, scheduling key touchpoints, pulling in expertise where needed)
- Reviewed and conducted quality control for key documentation for Board / Executive Director interactions, as well as for external stakeholders (e.g., public board meetings, listening sessions, creditor sessions)
- Served as primary contact for all McKinsey Title III teams for Board, Executive Director & staff
- Prepared presentations for and presented key content for Executive Director and Board
- Incorporated perspectives across teams on core measures, structural reforms with implications on HTA, PREPA, PRASA, etc.
- Facilitated Board sessions and served as agency efficiencies and overall fiscal expert in mediation session
- Justin Reed (Senior Associate)
 - Organized and participated in cross advisor calls and meetings to coordinate mediation support efforts with Government advisors
 - Led development of mediation preparation and supporting materials
 - Supported efforts to translate the certified fiscal plan into FY19 budget
 - Led workstream to develop initial draft of best interest test based on certified fiscal plan
 - Reviewed and updated categorical privilege log and oversaw other work streams related to creditor engagement
- Dean Udom (Associate)
 - Developed draft FY19 Commonwealth budget file compliant with Fiscal Plan certified April 19, 2018
 - Developed draft best interest test analytical framework and comprehensive model
 - Supported development of fiscal plan certified June 29, 2018
- Caroline Keller-Lynn (Associate)
 - Drove fiscal plan content related to healthcare and education
 - Drove all Fiscal Plan content related to agency efficiencies, pensions, subsidies, Office of the CFO, and implementation planning
 - Responsible for ongoing refinement of Medicaid baseline as new data became available to finalize FOMB perspective and led diligence of Government Fiscal Plan Medicaid baseline submissions
 - Finalized interpretation of Medicaid and education federal funds – timing, eligibility, and overall impact on surplus
- Peter Bailinson (Analyst)

- Managed working team responsible for formulating new Government accommodation, including all iterations needed to finalize the accommodation and translating it into the May 30th Commonwealth Fiscal Plan
- Refined and finalized analysis on fiscal measures related to pensions, subsidies, government rightsizing (including corrections, police, procurement, all other agencies), and revenues
- Led work on documentation of assumptions and supporting documents for mediation presentation
- Owned overall measures model and managed integration between measures and baseline models on core overlapping areas
- Logan Schulte (Analyst)
 - Supported preparation of responses to creditor questions and additional materials needed by the FOMB and advisors related to May 15th mediation sessions
 - Developed team responses/ coordinated team responses to various areas of creditor engagement
 - Coordinated with Proskauer on development of materials for submission of updated categorical privilege log
 - Developed preliminary view related to methods, inputs, and presentational structure for draft best interest test related to fiscal plan certified on April 19, 2018
- Adam Gerard (Analyst)
 - Drove fiscal plan content related to baseline / macroeconomics, as well as history / background of Puerto Rico and context for current recession and crisis
 - Helped lead problem solving with economists and demographer to refine macroeconomic model and projections (e.g., disaster spend, pass-through, roll out)

EXHIBIT E

May 2018 Invoice

McKinsey&Company

The Financial Oversight and
Management Board for Puerto Rico
PO Box 195556
San Juan, Puerto Rico 00919-5556

ATTN: Promesa Assistant
accounts payable@promesa.gov

Invoice No: USG-GPC021-5077

Consulting Agreement
Client for Strategic Consulting support related to
the Title III Cases

Effective Agreement Date: November 1, 2017

Ammendment Date: April 1, 2018

Invoice Date: 6/20/2018

Net 30

FFP Payment Schedule for Commonwealth Services

Invoice PoP: May 1, 2018 – May 31, 2018

Gross invoice amount for services performed outside Puerto Rico:	\$	1,219,050.00
Gross invoice amount for services performed in Puerto Rico:	\$	279,507.04
Subtotal	\$	1,498,557.04
Less withholding tax deducted at source	\$	(81,057.04)
Net Invoice Payable:	\$	1,417,500.00

Total Invoice: \$1,417,500.00

Please wire transfer payment to:
McKinsey & Company, Inc.
Citibank N.A.
Bank Account Number: [REDACTED]
Bank ABA Routing Number: [REDACTED]

If remitting by check please send check to:
McKinsey & Company, Inc.
P.O. Box 7247-7255
Philadelphia, PA 19170-7255

Federal Tax ID#: [REDACTED]

Please reference the invoice number and invoice date on your remittance advice.

For advice or questions on remittances, please contact Pamela Wertz 202-662-0060 or Jordan Mandell 202-662-0938.